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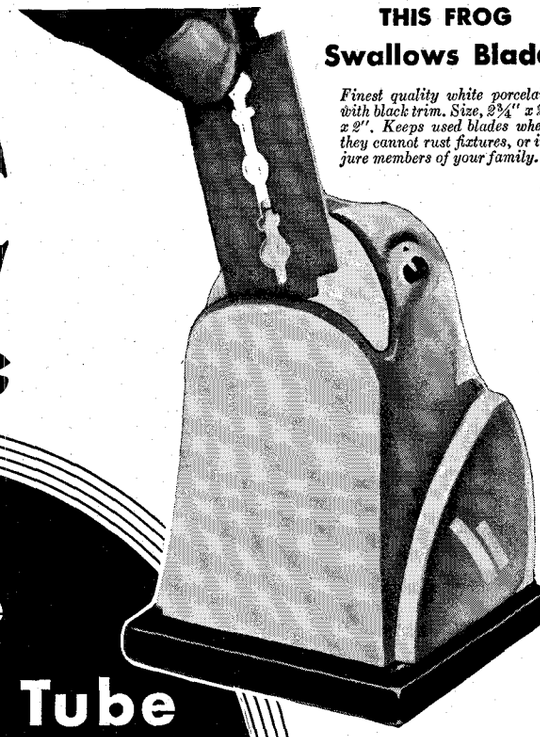

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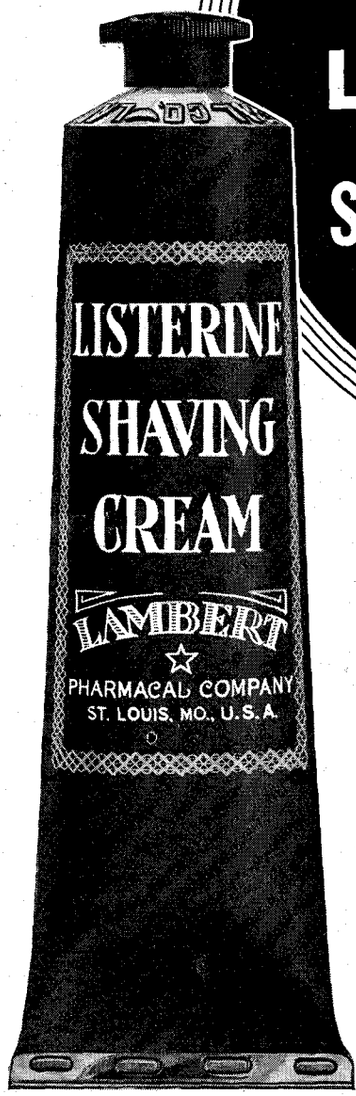

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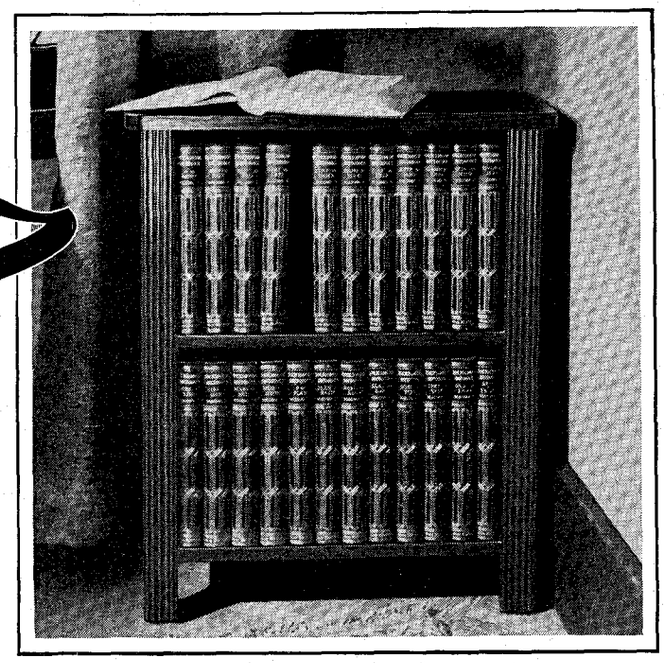

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Checklist of New Ideas

ON HIGHER EDUCATION

American Universities look like Bedlam.—*Dr. Abraham Flexner.*

ON THE LEAGUE OF NATIONS

There is a suspicion abroad that little more than lip service has been paid to the fundamental principle upon which the League was founded. —*Eamon de Valera.*

ON THE LONG COUNT OF LONG AGO

Realizing, as do all professional boxers, that the first nine seconds of a knockdown belong to the man who is on the floor, I never had any thought of getting up before the referee said, "Nine."—*Gene Tunney in "A Man Must Fight."*

ON CANNIBALISM

If I were dying of starvation and there were children's lives to be saved and I knew that food would be along in a few days, I would ask my friends to make soup out of one of my hands so that the children could be preserved. The children need not know, and I am sure it would be the right thing.—*Very Rev. Dr. Hewlett Johnson, Dean of Canterbury.*

ON EDUCATION

I spent two years in college and learned how to dress well, dance, join the "frats" and get a girl back in her sorority house after the bell had been rung. I was as ignorant as hell, if you'll pardon the expression, when I was committed to prison. I educated myself through subscribing for thirty-two correspondence courses put out by the University of Southern California.—*John Evans, now of Sing Sing.*

ON THE FUTURE OF ECONOMIC NATIONALISM

The whole tendency of modern industrial development is towards a large scale organization, which is only compatible with secure access to markets which are larger than those comprised within national frontiers. —*Sir Arthur Salter.*

ON SOCIALISM

To maintain socialist principles, socialists will be driven to become communists or betray their socialism. —*Harold F. Laski in "Foreign Affairs."*

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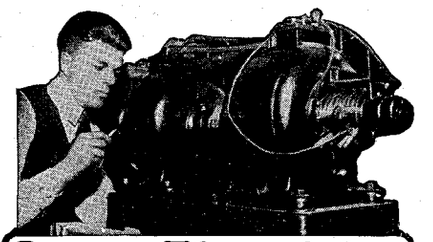

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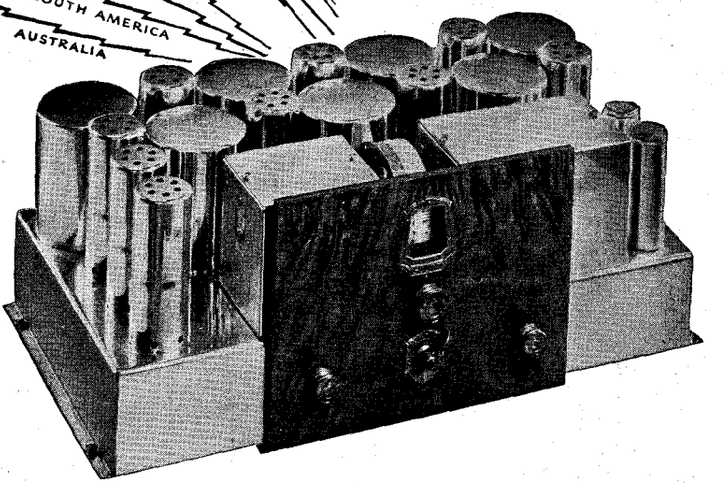

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NEW
OUTLOOK

ALFRED E. SMITH
Editor-in-Chief

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Managing Editor

CONTENTS

The New Outlook	Alfred E. Smith	9
What Is Technocracy?	Wayne W. Parrish	13
The Outlook of Theodore Roosevelt		18
Human Factors in a Depression	Newton D. Baker	19
The War of the Diplomats	George Dean	21
The Soldier Asks for Pay	Maj. Gen. Smedley Butler	24
Communism Under Four Flags	George E. Sokolsky	27
College Youth Discusses Itself	F. Vinton Lindley	32
How to Grow a Mooney Case	Martin Sommers	36
Wealth of India	Vithaldas K. Bhuta	40
Athletes and a Presidential Campaign	H. I. Phillips	41
Economic World War Reports	E. H. Collins	42
Illegal War!	Theodore Bernstein	44
To See or Not to See	Cy Caldwell	46
Business of Going Out of Business	Fiorello H. LaGuardia	48
Our Machine-Tilled Acres	Walter W. Liggett	51
Outlook's Book Choice of the Month	Robert Cantwell	56
A House in Order	Nicholas P. Gregory	62
Check List of New Ideas		4

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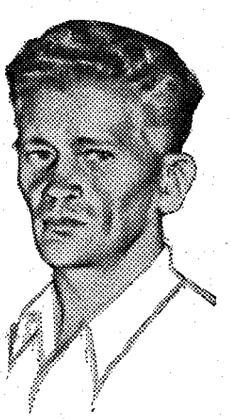

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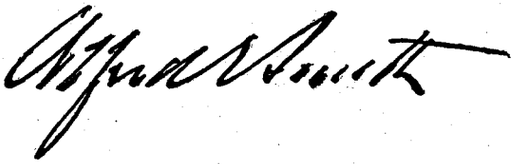

HOW WE CHOOSE OUR PRESIDENT

THE DAILY PRESS carries stories, confirmed by letters which come to me through the mail, that a number of citizens with more loyalty to me than knowledge of the Constitution, plan to write in my name on the ballot for President. I have even received postcards and letters which indicate to me that a chain letter system is under way attempting to encourage people to write in my name.

There seem to be thousands of our citizens who do not know this is impossible because the voters do not vote directly for either the President or the Vice-President.

The fathers of the United States Constitution had a very different idea of the functioning of democracy than most of us have today. They believed in a representative government, in which electors composed of the leaders in each State would meet and ballot for President and Vice-President. Originally the electors voted for two persons, but later, in 1804, President and Vice-President were voted for separately. The votes were then forwarded to Washington, opened and counted.

This is the machinery provided by the Constitution, but in actual practice the electoral college has become a mere joke, the electors of each party being pledged in advance to the official candidates chosen at the party conventions.

There have been astonishing differences between the popular vote and the electoral vote of candidates for President, due to the unit voting rule in the electoral college. It is quite possible, for example, for a candidate with a minority of popular votes to have an electoral majority and vice versa. Harrison, for example, had less popular votes than Cleveland in 1888, but was elected. Similarly, Tilden, who had a majority of the popular vote in 1876, was defeated in the electoral college by Hayes. Hoover had fifty-eight percent of the popular vote against me in 1928, but he received eighty-three percent of the electoral vote. A shift of less than half a million votes in just the right states would have elected the Democratic candidate at the last election. One of the most astonishing illustrations of what can happen under our system is afforded by the election of 1860, in which Lincoln received 1,866,452 popular votes; Douglas 1,376,957; Breckenridge, 849,781; and Bell 588,879. In the electoral college, however, Lincoln received 180, Douglas only 12, Breckenridge 72, and Bell 39.

The present makeshift arrangement devised to circumvent the Constitution is not perfect from several angles, and some day it may cause a lot of trouble. We ought to give consideration to making the Constitution square with the facts, and set up constitutional machinery for a genuine popular vote, doing away with the outworn electoral college, or go back to the intent of the founders of the Constitution and make the electoral college a really effective instrument for the election of the President and Vice-President.

Recently Newton D. Baker suggested an even more drastic plan, originally proposed by Woodrow Wilson, to establish a genuine government by parties modeled after the British system, with a cabinet composed of representatives of and responsible to the majority in Congress. This was a proposal considered by the Constitutional Convention of 1776 which framed our basic law, and rejected by them. I believe that this plan runs contrary to our political habits and ways of thinking.

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Generally speaking, the people have more confidence in executives than in legislative bodies. They are wedded to the theory of separation of powers, and I do not believe that in our time they will turn over the executive functions to Congress. Reform of the electoral college, however, is a real possibility to which leaders of the community may well give thought before some electoral catastrophe forces a revision.

Personally I favor the direct popular election of the President and Vice-President.

●

THE NEW RAILROAD COMMISSION

SAVINGS BANKS, life insurance companies, trustees and hundreds of thousands of prudent investors are owners of railroad securities. The decline of these securities, and particularly of bonds, is a matter of far reaching importance threatening the comfort and the very lives of millions of our citizens. In many cases, banks and insurance companies will soon find that their investments in these securities are no longer legal because of their reduced earning powers, and unless some changes in law are made it will be necessary to dump them on the market. Great fiduciary institutions have been worried about this problem. They have recently appointed a Railroad Commission representing the public, consisting of Calvin Coolidge, Chairman, Bernard Baruch as Vice-Chairman, Alexander Legge, Clark Howell and myself to study it. This Commission has employed experts to report on conditions and needs including economic management, consolidation, regulatory laws, valuation and other factors. Of course, the depression, which has gripped all business, is the primary factor in the drop in railroad traffic, earnings and security prices, but there is a growing conviction that the railroads cannot recover without great changes in management, methods and regulation. The staff will report to the Commission and the Commission will then discuss policies. The interests and personalities represented on the Commission are sufficiently diverse to insure consideration of many points of view. The report of the Commission will then go to the public for final appraisal.

●

HOUSING AND SLUM CLEARANCE

ONE OF THE PURPOSES of the Emergency Relief and Construction Act of 1932 was to make loans to limited dividend corporations for low cost housing projects and for slum clearance in large cities. This was a feature of the bill which the President hailed with great enthusiasm and which he emphasized at a special conference of housing authorities and social workers. There was much talk of the possibilities of providing low rental apartments in run-down or slum areas and in crowded sections of New York and other large cities. The whole country was informed that New York State had a housing board with precisely the powers needed to cooperate with the R. F. C. and other states were urged to follow this model. Conferences of the New York representatives with the R. F. C. directors were reported at length in the press, and the Republican campaign orators blared forth that new federal aid projects in New York City would rise overnight and broadly insinuated that the President had found the solution for which the local authorities had struggled in vain.

It is of some interest to know what the struggle of New York State has been with relation to housing. It began just after the War in 1919 when I first took office as Governor. We tried to meet a situation which at that time was really one of an insufficient number of houses to hold the population due to the cessation of building activities during the War. Having met this crisis by laws to prevent exploitation of the housing shortage and enactments which encouraged building by granting tax exemption for a period of ten years to housing operations immediately undertaken, the State of New York turned its attention to the more permanent features of the housing problem.

The fundamental question has always been the lack of a plentiful supply of low cost housing for the lower income family groups. Due to high land costs and the high cost of money for building loan purposes, there has been for more than a quarter of a century, no large scale construction of new low cost housing. As a result, thousands of families are still living in tenements and remodeled houses turned into tenements, many of which are actually unfit for human habitation.

After an exhaustive study of the problem made by a State Housing Commission, their recommendation that a State Housing Board be established and given unusual powers came before the Legislature. When this legislation was proposed, it established as a basic premise, that housing is bound up with public health, "safety morals and reasonable comfort of the citizens of the State." The Legislature therefore declared that the correction of conditions which menace these is a "necessity in the public interest." The State Housing Board was empowered to grant power to condemn land for housing purposes to limited dividend corporations that would agree to operate under the restrictions and regulations of the State Housing Board as to rental returns and general management. Localities were empowered to pass local ordinances to remit taxes on new housing improvements of this type and other inducements over which the State had power were added, including the remission of certain State taxes.

When the bill was first offered to the Legislature it contained a provision for a state housing bank, which would have operated in much the same way that the Reconstruction Finance Corporation should now operate. I remember a conference in the Executive Chamber between those who were in favor of the bill as it stood and its opponents. After discussing the bill on its merits, one of its opponents remarked that he had met a prominent party leader the night before who had urged that under no circumstances should the Republican party in control of the Legislature permit the Housing Board Bill to be enacted with a housing bank included in it.

It seemed to me that there was no further use in discussing the merits of the bill if the party leaders had decided that housing was to be made into a political issue. I then suggested that we get together and rescue what we could of the legislation and the bill was passed without providing for a housing bank, but establishing the State Housing Board.

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New York is the only State which now has such a Board and is therefore ready to take immediate advantage of the opportunities which the Reconstruction Finance Corporation should offer to promote immediate housing undertakings on a large scale. These would give employment to thousands of people not only on the actual construction, but on the materials which must be used in building and which would benefit thousands of families by giving them improved living conditions.

What has actually happened? Substantial interests, with influence at Washington, were opposed to new housing because of their ownership in existing or vacant apartments and tenements. These interests reached into the R. F. C. and changed the whole picture overnight. Of course, the R. F. C. directors did not frankly announce a change of heart or a new policy. What they did was much more subtle but just as effective. They simply raised the interest rate to 6½% on the proposed New York City housing loans and refused to loan a sufficient proportion of the total required to make the projects practical. A more flagrant example of insincerity, subservience and political stupidity could hardly be imagined. Thinking people know that at best nothing could actually have been started before election although the rosy announcements from Washington were clearly meant to obtain political credit on this theory.

What will be the political effect when the news leaks out that there are to be no jobs, no slum clearance and no low cost modern housing? The President made this policy peculiarly his own. He must take the responsibility if he permits it to be made a joke.

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AN IMPORTANT DECISION

AFTER NOVEMBER EIGHTH the ordinary citizen will have nothing to say directly about the government for four years. During that time the men on the street, those in the factory and in the counting houses and professional offices, whether they rely on daily wages, weekly or monthly salaries, professional fees or live on their incomes will not have another chance to take decisive action on the government of the country.

Mr. Citizen has found out more about his government in the last few years of stress and trial than he did during a generation of prosperity. When he was doing well he cared nothing about administration or taxation. Now he has to worry about his job, his business or his income. Interest in government has been forced on him.

In past elections, the average citizen has voted his emotions because nothing else has seemed to him to be very important. He has voted negatively to punish someone, or blindly through his prejudices. There has hardly been an election in recent times which was not decided on absolutely extraneous issues which had nothing to do with the problems before the nation. Certainly this was true in the last three national elections. In these elections the citizen was either ushered into a field of roses and daisies with a promise that the government would do for him all kinds of things that the government could never accomplish, or he was pushed into a black dark alley of prejudice where some prophecy was whispered in his ear of terrible things which might happen in the event of Democratic success. These were the elections in which racial and religious prejudices were strongly appealed to and no note was struck as to what was best for the country and the rank and file of the people.

This is a good year for the American citizen to vote intelligently on the real issues. American democracy itself is being put to the test.

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THE NEW SLATE

IN THE LAST NUMBER of *New Outlook,* I spoke of the clean slate on which the Democratic administration is to write. It is not likely that anything of great importance will be attempted, much less accomplished, by the Lame Duck session of Congress which will convene in December. It is to be hoped that this will be the last Lame Duck session which this country must endure.

There is one thing which this coming session can and should attempt and which can be done independently of presidential leadership and that is to submit to conventions in the several States the repeal of the Eighteenth Amendment in accordance with what I am sure will be the mandate of the people in favor of the straightforward declaration in the Democratic platform.

The rest of the slate must be written by the new administration when it takes office on March fourth. What are the great issues to be written on that slate?

In the first place, there is the issue which may be summed up under the general head of economy. This includes not only the reorganization and consolidation of bureaus, boards and commissions and the elimination of unnecessary government activities, repeatedly promised by past administrations, but also a frank and courageous attack on other even more important problems of economy. These include the return to the principles of veteran relief established by Woodrow Wilson and the adoption of a general manufacturers' sales tax. President Wilson established the principle that veterans, wounded or disabled as a result of the war, should receive complete care, that widows and orphans of those killed in the war should be provided for and that a system of insurance and deferred compensation on a sound actuarial basis should be set up. The new Democratic administration should repeal all benefits for veterans' disabilities not traceable to war and should set its face resolutely against any plan for prepayment of soldiers' bonuses. This is a prerequisite to any balancing of the budget.

The other side of economy is taxation. The emergency national taxes adopted at the last session of Congress were unfair, unreasonable, hurriedly arrived at and tended inevitably to throttle business rather than to encourage it. The fairest and most intelligent tax to meet this temporary emergency and further inevitable deficiencies in revenue, is the general manufacturers' sales tax because it is evenly distributed over all business and all classes and interferes least with industry and employment. A third important factor in economy is an amendment to the Volstead Act fixing a reasonable definition of alcoholic content and taxing for revenue, light wines and beer.

Another great issue is that of international relations. This includes intergovernmental debts, the tariff and disarmament. These are all interwoven in the present world crisis. The new Democratic administration

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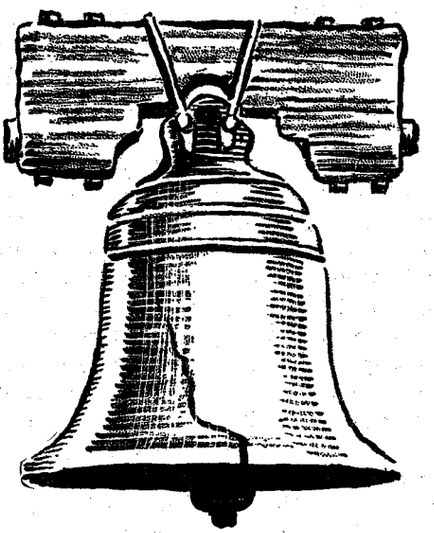
should set out immediately to reduce excessive tariffs and armaments and to readjust intergovernmental debts through negotiation with other nations in order to revive world trade, provide a market for the products of our farms, plantations and factories, stabilize exchange and promote peace and good-will.

As part of this program the President should promptly be granted power to extend the moratorium which expires in December and which is not likely to be acted on by the Lame Duck Congress. The new administration should also offer to our European debtors a definite plan for the reduction of debts owed to us by them, based upon a credit on the gross value of their American imports. The new administration must adopt a liberal foreign policy and cannot proceed on the basis of senseless declarations that we are going to collect every cent owed to us whether our foreign neighbors can pay or not.

The most important issue with which the new administration must deal is that of unemployment. There is no one cure-all for unemployment. The issues discussed above are also part of the unemployment problem. In addition, the new administration should proceed immediately to amend, clarify, make workable and expand the public works program authorized by the last Congress and largely nullified by the weakness, ineptitude and hostility of the present administration. The purpose of this legislation was to facilitate loans to states and municipalities and to promote federal projects to give work to the largest possible number of men on productive undertakings in order to combat unemployment, stimulate business, increase purchasing power and restore the national morale.

Above all things the issue before the new administration is wholehearted, outspoken and vigorous leadership. Platforms, declarations and election pledges are worthless unless the man who makes them is prepared to risk his entire career and reputation on their adoption. In the end, the public will measure the results only in terms of legislative and administrative action which bring about the restoration of normal business and the employment of millions eager for work but unable to find it.



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What Is Technocracy?

By Wayne W. Parrish

What is our fate under machinery which can produce more than can be absorbed by man under the price system? NEW OUTLOOK, *with this issue, begins the first comprehensive presentation of the preliminary report of a group of engineers who have been engaged for* 10 *years on a study of this question.*

TODAY OUR ENGINEERS REPORT:

The United States is much nearer a complete industrial collapse, as a result of the events of the last three years, than the vast majority of its citizens realize. Our entrepreneurs and political leaders have believed so steadfastly and for so long that America is incapable of anything except a continuous onward rush to prosperity and ever-expanding development that they have been either blind to, or unaware of, the vast technological forces which have been steadily undermining, particularly in the past two decades, our present haphazard industrial system of uncontrolled production, competition and distribution. In order to understand this viewpoint of Technocracy and to approach the method of reasoning of its members who see modern machinery carrying our social mechanism at an ever increasing pace it is necessary to review briefly the tremendous increase in speed which is characteristic of modern production. As we view these facts we cannot fail to note that as the machine improves we come nearer and nearer to the elimination of all human employment.

The ancient miller of Athens or Rome ground out in a day, between his two crude milling stones, a barrel to a barrel and a half of indifferent flour. A modern flour mill in Minneapolis produces 30,000 barrels a day per man with a much shorter day and a much better flour. But for whom?

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A shoemaker of ancient Rome took five and a half days to make a pair of shoes. The 7,200 shoemakers in the Shoemakers Guild of Roman days would make only 7,200 pairs of shoes in five and a half days. The same number of employees in a modern shoe plant in five and a half days would produce 595,000 pairs of shoes. But for whom?

The brick-makers for over five-thousand years never attained on the average of more than 450 bricks a day per man—a day being over ten hours. A modern straightline continuous brick plant will produce 400,000 bricks a day per man.

Even a century ago in these United States one man produced 25 tons of pig iron each year while it took another man a year to produce 800 tons of iron ore. In 1929 we mined on the Mesabi Range at the rate of 20,000 tons per man per year and in four weeks moved a greater tonnage than that of the Khufu Pyramid at Gizeh, while our modern blast furnace technique has made it possible for one man today to produce 4,000 tons of pig iron per annum.

A photograph of a modern steel rolling mill in full operation will show a large plant without a human being on the floor.

It is after sober, scientific review of such facts that our engineers report that we are faced with the threat of national bankruptcy and perhaps general chaos within eighteen months. This threat is revaled as a result of the researches of Technocracy, a functional organization of engineers which has been studying our industrial and agricultural complex for more than a decade. The results of that study and analysis, which for the first time in human history applies a quantitative measure to the social mechanism, leads to an unqualified statement that there is no solution under a price system.

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Our civilization is extremely dependent on the smooth functioning of our high speed mechanism. If the flow of physical energy ceased (no coal, no oil, no water power) our civilization would collapse and we would starve to death in twenty days or thereabouts. At least ninety per cent of the nation's population would be rendered helpless. What would happen in a typical town of 10,000 persons in the United States is easy enough to imagine. The average town could burn in seven hours without a water supply; transportation and communications would be completely disrupted; sewage systems would break down, and the supply of meats and other foods would be gone within a week. New York would be on fire in three hours without a water supply. It has fresh vegetables on hand for forty-eight hours and other food for a few days longer. Traffic jams would make movement of people impossible. Disease would be rampant with no means of treatment.

Obviously, anything so important to our existence should be operated with the greatest care. But we have been attempting to operate the delicate controls of a high-powered energy civilization with methods that were crude enough in the ox-cart days when almost every home was self-sufficient and independent. Twenty per cent of our population is already made helpless by unemployment. How much farther in our decline (and our decline has not once halted since 1929) will we have to go before our machine begins to fall to pieces? This is the question which Technocracy poses for us.

What is Technocracy? At present, it is a group of engineers engaged in the most extensive analysis of our industrial and agricultural growth ever attempted. Technocracy has its foundations in an extension of physics conceived shortly after the World War, when

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production in every line was speeded up to unprecedented heights and toward a goal where all manpower could be released for war service. It was evident to a few engineers at that time that the type of high-powered equipment which they were installing would be far-reaching in its effect on our social structure, and that the successful operation of this equipment would require a new type of social control which would be endemic to the nature of the equipment that was being placed in use. They saw with mathematical clarity that up until 1830, our rate of using energy in production had not really passed the speed of an ox-cart but that we were then in the process of attaining the speed of the airplane. While the mathematics of the theory of Energy Determinents is more complex than that of Einstein's unified field theory, the practical social implications are not difficult to grasp.

We must realize, Technocracy tells us, that we have reached the end of an era, that the fundamental cause of the depression is not political, it is technological. On this fact is predicated the necessity of appreciating that the only solution to our difficulties is a new era of technology where man can master the gigantic machine which has brought us to the close of the most fantastic period in the history of our small world. It is not a matter of choice. The old omnibus in which we have been riding has been patched up until its use as a vehicle is almost over. Technocracy is doubtful that it is even good for another parade. Our present system, it tells us, is fit only for the same museum in which are housed the pathetically inadequate political and economic theories of Plato, Marx and the great host of other diagnosticians and prophets who could not conceive of such a highly industrialized society as that in which we find ourselves today and Fascism, Communism and Socialism are likewise wholly inadequate to cope with our problem.

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Is an era passing? Read this pungent conclusion reached by Technocracy:

"The social system on this continent is being forced into a revision and revaluation of all its standards of value. The standards of the price system have been found wanting and an entirely new set of standards must be erected in order to deal with the physical conditions that have arrived by virtue of this hodgepodge created by the impact of technology on an old and outmoded social technique. America is witnessing the passing of the price system of production. We are faced with the problem of having to desert a system that has become obsolete and at the same time of designing a system to take its place."

What is a price system? By a price system we mean any social system having its means of exchange, and hence its control of industrial production, founded on a commodity valuation. As the engineers have stated it, "When in the process of social evolution all goods come to be evaluated in terms of some one commodity, be it wheat, wampum, dogs' teeth, paper or gold, the amount of this commodity exchangeable for one unit of any other commodity is said to be the price of the latter. Any social system using such a basis of exchange we shall call the price system."

No social state of history has operated on other than a price system, present day Russia being no exception.

It must be remembered that all modern industry has been operating under this ancient price system, and that if it operates successfully it must make a monetary profit. But if industry is to make a profit under conditions of competition and the continuous development of improved processes, it must continually cut down the costs of production, and it has been found that the best way of reducing these internal costs of production is by means of large scale quantity output with processes as automatic as can be devised. Thus, under the price system, the requirement to cut internal costs to the minimum results in increasing mechanization and a tendency toward ever-decreasing man hours of employment. Take the manufacturing of cigarettes. Machines were recently installed which produce from 2,500 to 2,600 cigarettes a minute, compared with the previous maximum of 500 to 600 cigarettes a minute. Obviously, the tobacco company using these new machines cuts production costs markedly, but the important factor is that it permanently eliminates employment. A still more fantastic illustration is in incandescent lamp manufacture, where one man is doing today in one hour as much as it took him 9,000 hours to do only so short a time past as 1914. It required only a force of thirty-seven men six weeks to build this high-speed machine.

Technological advancement in the past twelve years has definitely shattered all old social theory, from that of the ancient Greeks through Karl Marx up to Veblen. It is unfortunate that most of our present economists are still floundering around with theories that have become mere folk lore in the last decade. Practically all of this social theory made two assumptions, both of which are now invalid in our dynamic state of energy conversion. The first was that the desires of the citizens of any social mechanism are unlimited, and hence expansion of production to meet these wants can be pushed to infinity. The second assumption was that human labor was a necessary factor in the production of wealth, and therefore, the greater the number of men at work the more wealth tends to increase.

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But Technology has advanced to the point where a relatively small number of high speed machines can supply all of the wants of a great number of persons and easily tends to over-production. The second assumption appears ridiculous when it is realized that man hours per unit of product and the labor cost per unit have dropped in recent years to levels approaching zero! So it is that our photograph of a modern steel rolling mill in operation shows the plant without a human being on the floor. There are many examples of large plants that could run continuously were the demand sufficient, with only a few operators at the controls. And yet some of our demagogues are still talking about "returning to normalcy" and putting our unemployed back to work in factories.

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What has happened is simply that we have moved at a terrific pace through the age of hand-operated machines into the age of the technological mechanism. The machine of two decades ago was a hand-tool extension which aided man in doing his work, but with man as the operator. The technological mechanism entirely displaces man—does all the work for him—with one or more men at the controls of an entire plant. Forty years ago it was an occasion for boasting when a new machine was installed which saved unpleasant human labor. Now there isn't even room for more than half of our 14 million unemployed if our factories were all running at 1929 production—a production rate which, fortunately, does not exist or we would be so deluged with goods in a short time that our confusion would be all the greater. Add to this the fact that a large proportion of our factory equipment is obsolete, ready to be scrapped for something more *efficient!* We have the spectacle of widespread efforts being made to put men to work where there isn't work to be done and where machines are infinitely more efficient. Has no one thought of letting the machines do man's work, and letting him rest on the labors of his mechanical slave?

If you want to know how far we have gone technologically, bear in mind that one hundred men in modern plants working steadily could produce all the bricks the country needs. Fit this case to other industries and you can get a glimpse of where we are today. In pig iron production, one man working one hour can do what it took him 650 hours to accomplish fifty years ago. In agriculture one man can do in one hour what it required 3,000 hours for him to accomplish in 1840. A still more striking example is a Milwaukee plant with its daily output capacity of 10,000 automobile chassis frames and 34 miles of pipe line with a total of 208 men in the plant. One man riding in the control cab can do all of the loading of freight cars which are shunted up to the siding of this factory.

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Machines have been used by man since before 1800, but technological mechanisms—the advanced application of engineering to the machine—are less than two decades old. The machine displaced handicraft, but technology has displaced hand-operated machines with one, two or three automatic machines to the single industrial plant. Our first automatic plant arrived in 1915, and since then the advance in efficiency in every line has been so rapid that we haven't realized, or begun to realize, our extremely serious predicament.

We have been doing a lot of talking about "mastering the machine" but the bare truth in the matter of doing work is that the machine has man licked so long as he attempts to operate it under the present methods of price. In the light of these facts it seems apparent that only a radical change of immense proportions can pull us out of the mire.

The Theory of Energy Determinents underlying Technocracy which takes account of this acceleration of energy production (intensification of the efficiency of the machine) was enunciated by Howard Scott, engineer and technician for the Muscle Shoals Project, who has been directing the research work of the body. There were in the original group of Technocracy, formed about 1920, such outstanding figures as the late Charles P. Steinmetz, the electrical wizard; Bassett Jones, electrical engineer; the late Thorstein Veblen, rebel economist; Frederick Lee Ackerman, architect; and Dr. Richard Tolman, of California Institute of Technology.

For the past year and a half the research work has been maintained by private funds and subscriptions, many of which have come from the Architects' Emergency Committee of New York. Thirty-six engineers have been steadily at work during this period. The work is centered in the engineering laboratories of Columbia University, where Technocracy is the guest of Professor Walter Rautenshauch's department of industrial engineering and of Dr. Nicholas Murray Butler.

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The research is known as "The Energy Survey of North America," which Scott began ten years ago. Its nature and scope is purely a technological analysis of the forces which condition our social structure. It has never been concerned with profits or wages or prices, or any corporate disbursements whatever. It has concerned itself simply with a quantitative determination of the physical production of this continent and of the energy consumption involved in that physical production—in short, the behavior of our social and industrial mechanism. The facts have been uncovered from the records of industrial establishments, corporate reports, trade associations, and state and Federal sources. Specifically, the plan has been to plot on charts the industrial and agricultural development of the United States during the last 100 years in terms of employment, production and energy expended. It was to picture our civilization in the only accurate terms in which it can be depicted and on the only basis which permits quantitative analysis of the picture. Three thousand leading commodities were selected for the study, ranging from wheat and cotton to steel and power. At the present time, several hundred of these charts have been completed and are being kept up to date, week by week.

The damaging evidence revealed with indisputable clarity by the completed charts points only too certainly to the end of an unhampered era of expansion. Through industry after industry the evidence discloses a change from increased production to a business of replacements. The basic facts disclosed by the charts for each of the 3,000 commodities is the amount of energy expended annually in production, the number of men employed and their working hours, and the volume produced each year; also, the rate of growth of production, the decline in the amount of man power needed to produce a unit of each commodity from year to year, the total installed horsepower for each unit produced of each commodity each year, and the total installed horsepower of the industry. The highs and lows of inflations and depressions, translated into

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production, energy and employment, stand out in oscillating curves on each chart. The picture is so complete in this way that when the research was taking form in 1920, our present depression was clearly discernible, except that Technocracy had the crash occurring in 1930 instead of 1929—an error of about six months!

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A decade ago it was heresy to criticize adversely the industrial outlook for America. Only Bolsheviks and Reds of the lowest order would think of throwing cold water on our plans for unlimited expansion. Criticism, no matter how scientific, was traitorous. In such an atmosphere Technocracy's views were greeted with apathy when it attempted to inject a sane voice into public discussion. After much discouragement it finally burrowed itself under cover, kept quiet, and continued to develop its far-reaching research. Now, in the midst of a steady decline on every hand, the demand for its data has become immense.

The increase in power has been so tremendous within the past twenty-five years that it is difficult to grasp its full significance as applied to the social structure. For 7,000 years of social history there was no change in the rate of doing work. The human being was the best engine society had. Prior to the first quarter of the nineteenth century—just a little over a century ago—our engines of conversion, which were human beings, were the same as those of the Pharaohs. The human machine averaged under 200 pounds in weight and was capable of an output of one-tenth horsepower unit per eight-hour day. Now look what happened. The steam engine was introduced, electric power came into being, and within one hundred years we have multiplied the original output rate of the first, or human, engine by 9,000,000, as expressed in a modern energy transversion unit! But most significant of all is the astounding fact that most of this advance, or 8,766,000 of the 9,000,000 increase, has come within the last thirty years. Is it any wonder that our ancient political system is hopelessly incompetent to furnish the rigorous and exacting technical control necessary to save our highly powered industrial system from collapse?

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Another important feature of the static society that existed up until a century ago was that the energy consumption per capita per day never went above 2,000 K.G. calories, even in the highly socialized orders of Egypt, Greece or Rome. Today, in North America, we have reached an energy consumption of 154,000 K.G. calories per capita per day, and again, much of this increase has come since the turn of the century.

The peak of employment in industrial production in the United States was reached in 1918, but it was not until 1929 that our maximum of production was achieved. An important factor is that the number of man hours of human effort required per unit of output was greatest 100 years ago and has steadily declined ever since until in our best practices the man hours per unit of product approaches the zero point. The rate of replacement of men by machines exceeded the rate of expansion of the industry.

We hear a great many plans these days for bringing about industrial recovery. Some of our so-called leaders are talking about developing "new industries" that will absorb the unemployed, without realizing that technology prevents any material absorption in that line no matter how many new industries are created. Some are still speaking glibly about developing our "foreign markets" without knowing what they're talking about. To those who are presenting these plans, Technocracy poses a few fundamental questions. Can we re-employ ever again under a price system all those of employable age at a wage standard which will provide sufficient buying power to meet the requirements of our productive capacity? Is recovery just around the corner with from one to two years supply of wheat, corn, cotton, copper, rubber, iron ore and other commodities in our warehouses?

Technology's best argument against the claim advanced for "new industries" is the example of the proposed factory-fabricated housing project which has been reported about the nation. By means of factory-made houses, apartment buildings and office buildings, it was planned to revive an old industry by opening up a new market through the elimination of slums and modernization of rural houses. The American Rolling Mills, the A. O. Smith Corporation and General Houses, Inc., have been experimenting with this plan and have erected completely furnished units in several large cities. The general argument is that by selling these houses on the instalment plan, a huge market would be created that would push the nation out of depression into prosperity.

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Unfortunately, the idealists back of this proposal did not take into account the technological aspect, for these factory-made houses, completely equipped with every modern convenience, can be produced on a continuous straight line process, with an output of from thirty to fifty miles of eight by twelve-foot sections a day with less than 200 operators to the plant. This would fail not only to absorb the unemployed, but it would tend toward the total elimination of masons, bricklayers, painters, plumbers, electricians and the like, and further disrupt the entire building trade! The reader's first reaction is undoubtedly that such standardized housing would never be acceptable in America. He should remember that he has accepted standardization in other lines without a whimper and the modernity of factory-fabricated houses would in a large measure appease any such objections, should they ever materialize.

Aside from the purely technological aspect, there is another vital consideration in our present price system. This is the monetary debt.

The total debt of this country—bonds, mortgages, bank loans, and all other interest-bearing amortized securities, totals approximately $218,000,000,000.

The return on investment in industry is constantly being re-invested in industry on the assumption that debts can be increased to infinity since production is restricted

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only to the limitless desires of individuals for products contributing to their comforts and enjoyments of life. The fallacy of this expansion has been shown by technology. Nevertheless, we have been increasing our debt structure at a fast rate, issuing bonds on this equipment and doing all this with no regard for the future. It has been common to issue bonds on equipment that was either obsolete at the time of installation or that became so soon after. We are still paying for equipment that was removed because of obsolescence years ago. Some of our railroad bonds will not mature for decades and yet 99% of the locomotives on our American railroads are obsolete. We have "issued a debt claim on posterity" on a false theme of expansion to infinity and now the fixed charges on our debt have risen to half the national income! Obviously, from the financial standpoint, the merry circus cannot keep up indefinitely, and there is every indication that the limit is about reached.

As long as we were expanding industrially, our system could tolerate a haphazard control. Our progress absorbed our mistakes and the ultimate reckoning was thrown off into debt. But the turn has come. Technology has caught up with expansion with a vengeance and found us unprepared. The only reason why our day of reckoning has not come earlier is because industry, cognizant of the fact that technology was capable of producing better goods, has kept itself moving by selling cheap goods, thus necessitating replacements. We are paying for our price system by buying "new models," the "latest designs" and colors. If industry, with what it knows today, should sell to the American people the best that it could produce, most factories would have to shut down for a period of years.

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Technocracy tells us that with what is known now about the application of technology, the adult population of this nation would have to work only four hours a day for four days a week to supply us with all our material needs. The replacement business of industry cannot for long exist under our present price system, for new equipment, new inventions, are constantly being placed in use. In short, there is no way out without an entire revision of standards of valuation

The "share work" program now being promoted in industry needs little comment. It is sterile of all logic or sense. The total amount of work remains the same. One pie is merely cut into eight pieces instead of four. What happens to the income of the individual? If the individual who is fortunate enough to be working for $50 a week "shares" his work so that he gets $40 a week, his standard of living must necessarily drop because of the $10 reduction. Sharing will certainly not increase the purchasing power, and industry cannot move until the purchasing power is raised. Then, too, remember that very few plants are working anywhere near full time, and the fact that many plants are carrying men on the payrolls without being able to use them in the plants.

Let a technician, Mr. Scott, sum up some challenging conclusions of Technocracy:

"The political administrations of the social states of the past and present price systems arose out of the steady state of doing work. The mechanism of these political orders of a price system are, and were, the mechanics of a static system in which the element of change in the rate of energy transversion does not enter. All of our social institutions have arisen out of an historical background which is to the technologist a steady state or a static system. The percentage of error which was inherent in the decision arrivation of the past was tolerable because the administrators who were called upon to execute these decisions were dealing with a price system in which the social rate, or the rate of the whole social mechanism, was unchanged from one period to another.

"The process of decision arrivation used in a modern power transmission system is without precedent or historical ancestors. The method of arriving at social decisions in a dynamic continent-wide mechanism wherein the element of change intrudes itself into every national rate of flow of goods or services, must be such that the intolerance or precision must be obtained in quantitative units peculiar to the rate which is being measured. It follows that this civilization on the North American continent must be operated on a thermo-dynamically balanced load.

"A social change is defined by the technologist as a change from one rate of energy transversion to another, from one order of magnitude to another. Prior to the introduction of technology all the changes of history were but the symptomatic changes of a steady state of energy transversion, or expressed in simple language, of the social mechanics depending solely upon the human engine as the only means of converting the available energy into goods and services.

"Technology has ushered in the first social change in human history, and each succeeding discontinuous wave of technological advance has succeeded in raising the consumption of energy per capita still higher. The law of the conservation of energy, while well known in the field of physics and engineering has at last become obvious in its social and political implications: that all rates of growth in a social mechanism, whether of goods, population, energy, equipment or structures, when they have reached the total number now extant on this continent, must have these rates of growth predicated upon the law of the conservation of energy.

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"The greater the amount of energy consumed per capita the more is necessitated a new order of technology and a method of decision arrivation peculiar to the fundamental factors of a dynamic state. Due to the factors hitherto stated, it is increasingly obvious that the methods of arriving at decisions regarding our social mechanism as a whole must arise from a technological sequence similar to that of a modern high tension transmission line.

"That is to say, that all social problems of North America today are technological. They have moved up to where they can be dealt with only in a continental order of magnitude. We can no longer deal with the lack of purchasing power, or unemployment, or debt, by individual establishments or businesses. They can be dealt with only as parts of our industrial complex in a continental order of magnitude. Any political or economic attempt to deal with the problems that are arising on this continent will of necessity be only palliative and temporary expedients to final gestures of restraint to blockade the incoming of a new technological order.

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"The directors of our national enterprise are compelled under the exigencies of a price system to have no choice of alternation except that of expedient narcotics."

The next two years will witness a succession of remedial palliatives to be offered by our legislative bodies, our financial institutions and social organizations. America in that period will witness a procession of the dumb, the halt and the blind, stumbling from one futile gesture to another into a final sublimation of fear. That procession of the blind will include all the essence of futility in its many varied forms from the mild buck-passing program of "share the work" to the anticipated probable legislation of rent and private debt moratoriums, to those twins of finality, the dole and complete inflation.

If the present trends continue, it is quite likely that the United States will witness such a progression, a quite natural outcome of a century and a half of the internecine warfare of technology and the entrepreneur of the price system. The present problems, in their continental order of magnitude, we have attempted to delineate for those directors of our national enterprise. These directors will now, or in the near future, be called upon to solve these problems. It is their ship of state, and if they cannot find a solution the force majeur of continental conditions in the next few years will bring forth those who can. These problems transcend all social theories and partisan politics—even government. It is civilization itself. Technology has written "mene mene tekel upharsin" across the face of the price system.

In order to understand the character and the meaning of the contours of the new horizons toward which the Machine is carrying us with unbelievable speed it is necessary to consider our problems in their continental order of magnitude. Next month Mr. Parrish will explain Technocracy's energy survey of North America.—The Editors.

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The Outlook of Theodore Roosevelt

Twenty-three years ago, when the late Theodore Roosevelt was associate editor of "The Outlook," he found the American people tending toward a blind rejection of new schools of thought merely because what those schools advocated was entirely new and not in exact conformity with outworn traditions. Writing in The Outlook of March 27, 1909, he said:

Ruin faces us if we decline steadily to try to reshape our whole civilization in accordance with the law of service, and if we permit ourselves to be misled by an empirical or academic consideration into refusing to exert the common power of the community where only collective action can do what individualism has left undone, or can remedy the wrongs done by an unrestricted and ill regulated individualism.

There is any amount of evil in our social and industrial conditions of today, and unless we recognize this fact and try resolutely to do what we can to remedy the evil, we run great risk of seeing men in their misery turn to the false teachers whose doctrines would indeed lead them to greater misery, but who do at least recognize the fact that they are now miserable.

We should do everything that can be done, by law or otherwise, to keep the avenues of occupation, of employment, of work, of interest, so open that there shall be, so far as it is humanly possible to achieve it, a measurable equality of opportunity; an equality of opportunity for each man to show the stuff that is in him. When it comes to reward, let each man, within the limits set by a sound and farsighted morality, get what, by his energy, intelligence, thrift, courage, he is able to get, with the opportunity open. We must set our faces against privilege; just as much against the kind of privilege which would let the shiftless and lazy laborer take what his brother has earned as against the privilege which allows the huge capitalist to take toll to which he is not entitled. We stand for equality of opportunity, but not for equality of reward unless there is also equality of service. If the service is equal, let the reward be equal; but let the reward depend on the service; and, mankind being composed as it is, there will be inequality of service for a long time to come, no matter how great the equality of opportunity may be; and just so long as there is inequality of service it is eminently desirable that there should be inequality of reward.

In striving to better our industrial life we must ever keep in mind that, while we cannot afford to neglect its material side, we can even less afford to disregard its moral and intellectual side. Each of us is bound to remember that he is in very truth his brother's keeper, and that his duty is, with judgment and common sense, to try to help his brother. To the base and greedy attitude of mind which adopts as its motto, "What is thine is mine," we oppose the doctrine of service, the doctrine that insists that each of us, in no hysterical manner, but in common sense, and good judgment, and without neglect of his or her own interests, shall yet act on the saying, "What is mine I will in good measure make thine also."

So with our industrial system. In many respects the wage system can be bettered; but screaming about "wage slavery" is largely absurd. At this moment, for instance, I am a "wage slave" of The Outlook. Under certain conditions and in certain cases the co-operative system can to a greater or less degree be substituted with advantage for, or, more often, can be used to supplement, the wage system; but only on condition of recognizing the widely different needs occasioned by different conditions, which needs are so diverse that they must sometimes be met in totally different ways.

We recognize, and are bound to war against, the evils of to-day. The remedies are partly economic and partly spiritual, partly to be obtained by laws, and in greater part to be obtained by individual and associated effort.

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Human Factors in a Depression

By Newton D. Baker

This winter charity workers say will be the most difficult period of the depression. Newton D. Baker, as chairman of the Welfare Relief Mobilization of 1932-33 discusses the legal and ethical rights of industrial, and the employed man's, charity.

IF THE RESPONSIBILITY for the present crisis can be laid at anyone's door, surely Big Business is the most likely doorstep. Many of us who have grown up in the United States feel that the capitalistic system brings with it the largest social and economic gains. The period of depression in which we are now plunged has taught us, however, that this system has defects. Thousands who have suffered in the present economic crisis have for years entrusted their independence to the leaders in the capitalistic world. If these leaders do not recognize and meet their responsibility at this time, there is no doubt that those who are suffering will of necessity call this leadership into question.

We have grown accustomed to hearing our country referred to as the richest nation in the world. In the coming winter not only our much heralded wealth is being tested but our entire economic and social system as well. Millions are out of jobs. Millions are suffering in this land of plenty. The most trying winter since the start of the depression faces us. What are we going to do about it?

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The last fifteen years have taught us many things. We should be ready to profit by these teachings. We have discovered that no country or even continent is completely self-sufficient. The welfare of each nation as well as each individual is bound securely with the welfare of all nations and all individuals. The prosperity of the country is linked closely with the prosperity of its people and the welfare of employers with that of employees. Again the question, "Who is my neighbor?" is answered by another, "To whom have you proved yourself a neighbor?"

The obligation for giving this year does not fall on the shoulders of the rich and powerful business concerns alone! It is an obligation which rests upon all who are gainfully employed. The financing of necessary welfare services is a community obligation to be shared proportionately. Those who, however, are endowed with large means should assume their due share of the burden. They should give, not because it is good policy, but because they have at heart the preservation of the human interests of the country.

That our people of wealth have been recognizing this obligation is evidenced by a report from the Association of Community Chests and Councils compiled from the returns of last year's campaigns. This report states:

"A notable increase by the wealthy in their gifts to community chests for the year 1932 is an outstanding feature of the analysis of chest giving. Nineteen leading chests raising $21,000,000, secured an increase of $4,300,000 from their givers who make contributions of $1,000 or more."

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The American community has undergone many changes during the last two decades. The individual owner and the locally managed business are disappearing in favor of corporations with branches in several places. In social service work a similar phenomenon is observed. Personal charity has developed into specialized philanthropic work carried on through voluntary welfare organizations and administered by trained workers. In 410 American communities a further advance in philanthropic methods has taken the form of the community chest. The object of the community chest is to coordinate all the charitable agencies and unite all the social forces in order to render more efficient service to the entire community. The united appeal for funds which the community chest makes once a year is the way in which it endeavors to coordinate local philanthropic giving.

The National Bureau of Economic Research in its study of "Corporation Contributions to Organized Welfare Services" sums up conditions of today in this colorful statement: "From this community the flour mill has disappeared. From this community the local bake shop which bought its flour from that mill has likewise gone. In this average American town of today it would be difficult to find a family which bakes its own bread. The staff of life' wrapped in wax paper and bearing some nationally known trade mark name is delivered to consumers by way of chain stores from an enormous baking plant. This giant bakery serves several communities. It is one of a number of bakeries owned by a great food corporation. The individuals who direct and manage these local factories are not the principal owners, although they may own a few shares of stock. They are salaried employees. The actual owners of the corporation are legion. In fact any one can become a part owner in this national baking company or in the chain store by telephoning an order to a stock exchange broker. The operation of these plants and stores is no longer directed from the local community but from a headquarters office in some large city, oftentimes distant from the community in which manufacturing or merchandising is carried on."

Corporations nevertheless have the right to know how much "neighboring" their employees need. A special

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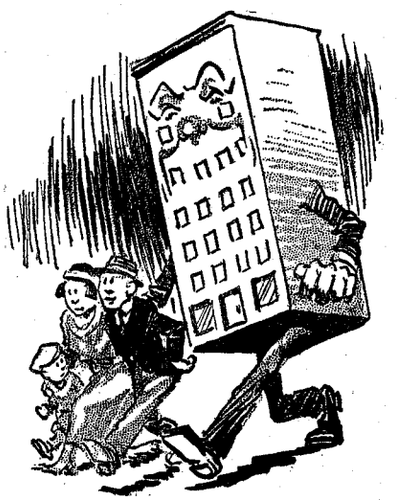
study in Cleveland showed that on the average 38 per cent of the employees of leading industries had at one time or another been given relief or service by community chest agencies. A similar test made in Columbus, Ohio, showed that out of 3,292 employees of various corporations (the names selected at random as was done in Cleveland) the families of 29 per cent had likewise benefited by agencies represented by the community chest.

Contributions from corporations are, therefore, not a generous gesture; they are based on good, sound business considerations.

According to the study of the National Bureau of Economic Research, corporations gave 22 per cent of the total funds of the 129 community chests raising 84 per cent of all chest money in 1929. These contributions were prompted by the following facts: Corporations are realizing that they are citizens and taxpayers in the communities in which they are located and that their welfare is bound up with that of individual communities. They realize that they are more likely to succeed if located in prosperous communities. Therefore, any contribution which tends to make for better community and business conditions tends to aid the corporation.



It is a short-sighted business man who builds for today only. A progressive man builds with the future in mind. If industrial prosperity is to be ours again, we shall need trained and strong workers. To give, then, this year, is not alone a humanitarian project; it is good business.

The reputation of a corporation for enlightened policies in regard to its employees is not limited to the places in which plants are located but is of sectional or national importance according to the size of the concern. The "good will" for its products is affected by the corporation's policy towards its workers.

Another recognition that such contributions are "good business" comes from the courts. The interpretation given to the Federal income tax law in a series of progressively clear decisions definitely classifies contributions such as we are now considering not as mere donations but as "ordinary and necessary" business expenses. Many well known decisions exist to confirm this legal standing. A decision rendered in the case of the American Rolling Mill in which a community chest contribution was to be expended for the benefit of the American Legion, Board of Education, Boy Scouts, City Commission, Community Building, Girl Scouts, Hospital, Girls' Club, Public Library, Park Commission, Road of Remembrance, Recreation Association and Y. M. C. A. reads as follows:

"It is accepted as true in the industrial world that strikes and shifting labor conditions impair efficiency of production, and that contentment and well-being add to the skill and productivity of workmen. Acting upon that principle, the large industries of the country almost without exception have engaged in mutual interest work in one form or another with their employees, with the view of contributing to their comfort and pleasures, encouraging them to purchase homes, and giving them such interest in the community as to make them an asset of the business. Such work has been considered by the courts as a corporate function having a substantial relation to the program and success of the industry. Thus it has been held that expenditures for hospitals, dispensaries, medical services, schools, libraries, churches and recreational centers are all necessary and proper expenditures in aid of corporate purposes. * * * The question always is whether balancing the outlay against the benefits to be reasonably expected, the business interest of the taxpayer will be advanced. The answer must depend, among other things, upon the nature and size of the industry, its location, the number of its employees as compared to the entire community, the type of its employees, and what other employers similarly situated are doing. * * * All of the projects to which this fund was devoted, with the exception of the city commission and the contingent fund, were needed for social, educational and recreational purposes. They were projects which in modern times are necessities in a community, and they could only be had in this community by petitioners' paying for them or joining others in doing so."

This year with the formation of the Welfare and Relief Mobilization by twenty-nine nationally known welfare organizations, we are able to present a united front in meeting the welfare and relief needs of the United States. We find that relief needs in our country have increased eightfold since 1929. Requests for free treatment in hospitals have increased since the depression to the point where hospitals are giving away in free service as high as 30 per cent of what they expend. Visiting nurse organizations in 14 metropolitan areas report a steady increase in free visits starting with 1929 when free service constituted 52.7 per cent of the total service, until 1932 when these services totaled 58.3 per cent. Free clinical service given by 144 agencies in 19 metropolitan areas showed an increase of 18.5 per cent in 1930 as compared with 1929 and a further increase of 14.3 per cent in 1931 over 1930. An increase of over 33 per cent in the number of girls seeking jobs through employment bureaus of Y. W. C. A.'s in seven cities was shown for the winter of 1930-31. Last winter 100 cities reported for 1,000 recreational centers an increase in attendance averaging 30 per cent, and boys' clubs all over the country announced thousands of boys unable to get work returning to them for educational and recreational activities. The winter of 1932-33, according to the prediction of leaders in the social service field, will prove the most difficult period of the depression.

America's greatest asset has been the courage of her people. Those of us who are in positions of trust and responsibility must see to it that the man power of our nation is kept unbroken and unimpaired if we hope to stage a comeback for better and more prosperous times. Upon the welfare of the people depends the ultimate welfare of a nation!

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The War of the Diplomats

By George Dean

Persia last month took possession of a foreign built navy costing $2,000,000, and then closed all of her foreign schools. These are but two manifestations of the strange war between the diplomats now under way in Persia upon which George Dean, secretary of the American Missionary College at Teheran, Persia, reports.

FOR NEARLY A CENTURY and a half two major threats of aggression have been the predominant factors in the social, political and economic existence of the Persian state: the threat from the North of Czarist imperialism, which has found its complement and continuation in the policies of Soviet Russia, and the threat of the West: England. And in the hitherto nicely balanced state of rivalry achieved by these two nations in their endeavors to bring the ancient empire of Darius within respective spheres of influence can be seen the source and origin of many of the national characteristics of Persia as it is today. During the past decade, British diplomacy, pitted against its ancient rivals in the East, has reached what is, perhaps, its fullest flower. Its present struggle with the entirely new type of diplomacy is one of the most dramatic battles ever waged for an imperialistic supremacy in modern times.

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Up to the time of the Bolshevist Revolution in Russia there was nothing of deception or lack of candor as to the intentions of the Czar's government toward Persia. Openly, unscrupulously and quite unhindered by moral principles, Russia took whatever she might lay her hands on. If show of arms and actual military occupation were necessary to gain her aims the mere circumstance that Persia was a supposedly independent state was no deterrent. With the advent of Bolshevism Russian influence in Persia declined, largely through inattention, and it appeared that the new government had little interest in its neighbor across the Caucasus. In 1921 however one of the most remarkable treaties in all the history of the Near East was effected between Persia and the Soviet State. By the terms of the agreement Russia gave up every right and concession she had in Persia except for the Caspian fisheries, renounced the old Czarist policy of force and revoked all treaties which the former Imperial government had made with Persia. She even abandoned claim to previous loans granted to Persia and to extraterritorial privileges of Russian residents in that country.

It will be seen at once that the attitude of the new government in Russia was in marked contrast to that of its predecessor, and, whatever its eventual policy in Persia was to be, it was evident that the first aim of the Bolshevist government was to wipe out Persian suspicions of imperialistic objectives and to establish friendly relations.

The Persians, as a race, however, are naturally distrustful of all foreigners, and not without reason, and as Reza Khan became first dictator and later Shah it was increasingly evident that he and his ministers regarded the Union of Soviet Socialist Republics with the same suspicion with which they had looked upon Imperial Russia. To them it was apparent that Russia's immediate purpose was to spread Bolshevist propaganda in Persia and to accomplish a social revolution in order to ally itself closely with the new regime with the ultimate aim of gaining complete control of Persia's vast natural resources and drive English influence from the country. Thus the natural covetousness of Czarist times became allied to the social and economic fanaticism of the new Russian order.

For some time the new Soviet diplomatic policy in Persia was not crowned with signal success. In 1925, having failed several times to put over a satisfactory commercial treaty, more drastic measures were adopted and an embargo was placed on all Persian imports into Russia. This marked a partial reversion to the methods of coercive pressure applied in Czarist times and since then a combination of the old diplomacy and the newly developed and far more subtle technique of the Soviet agents has been in vogue.

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The actual tenets of Communism have never been espoused with enthusiasm by any considerable number of Persians despite the floods of propaganda which have flowed in from the North. The reasons for this are inherent in the characteristics of the Persians themselves and in the prevailing social structure of the country rather than in any positive combative measures taken by the government at Teheran. In the first place, a large industrial working class, always the most fertile field for the sowing of revolutionary seed, is almost entirely lacking in Persia. To the peasantry of the country socialism borders on sacrilege. Entirely uneducated and steeped in an ancient religion they believe, as their priests tell them to believe, in the divinity of rulers and that Bolshevism is a concerted attack upon God and Mohammed. At the other end of the social ladder is the Persian aristocracy, highly educated and able to appreciate the benefits of economic and governmental reforms, but wealthy, privileged and naturally antagonistic to change. Only in the cities does a middle class exist between these two extremes, but it has neither

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the wealth nor the power of the aristocracy nor the numbers of the peasantry.

The major objective of Russian diplomacy in Persia at the present time is to impress upon the civil and official population of the country the wealth and power of the Soviet Republics. Starving the Russian peasants may be at home, but their government has plenty of money to spend in Persia, and no expense is spared. An imposing embassy is maintained at Teheran amidst grounds and gardens covering more than three full city blocks. It far surpasses in proportions and impressiveness the British Legation. In the village of Zargundeh, on the lower slopes of the Elburz Mountains, an even more extensive and beautiful establishment is maintained for use during the summer months. Imported motor cars are rare and costly articles in the East and there are only six Lincoln automobiles in all Persia. Of these His Majesty the Shah owns one while the other five grace the garages of the Russian Embassy, and the sight of these sleek blue touring cars with the red flag atop the radiator cap, bumping over the unpaved streets of the Persian capital, never fails to arouse attention. Once a year, on the occasion of the Soviet national holiday, a large reception is held at the Embassy, which in elaborate settings and the lavish display of costly food and wine surpasses all other social functions at Teheran. It is a function which never fails to impress all who attend. With the exception of this one occasion, however, the Soviet emissaries, at variance from the custom of frequent entertainments at the British Embassy and other diplomatic seats in the capital, are hardly more than perfunctory in their observance of social usages.

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The Soviet representatives themselves are probably the most strangely assorted collection of diplomatic and consular officers ever assembled in any one national capital. Of proletarian origin, it is not surprising that they are neither polished, cultured nor versed in the amenities of social existence, but that they should show no desire to adjust themselves to the environment in which they are supposed to live and work, and display a total disregard for all social relationships, is a truly amazing feature of this new type of diplomacy. Self-satisfied, and the very opposite of gregarious, they seldom venture out of their own circle to associate with their colleagues in other diplomatic missions or with the Persians. They manifest not the slightest interest in the other members of Teheran's foreign colony or in their pursuits or activities. In matters of dress they have scant concern for European usage, and at all but the most formal affairs are prone to put in an appearance in native Russian blouse and boots, while their manners, if not actually discourteous, are far from engaging, and conversation with them is possible only on an extremely limited scale due to their lack of knowledge of foreign languages. As representatives to a nation which traditionally emphasizes social customs and ritual it is amazing that these bizarre delegates should achieve any diplomatic success whatsoever.

And yet, hindered as these delegates may be by their manner of living, it is nevertheless a certainty that Russian influence, trade and relationships of all sorts have prospered to a far greater extent under their guidance than under that of the ornate representatives of the former Imperial regime. Even more astounding is the fact that, in spite of their novel approach to questions of policy, the Russians appear, in a number of recent engagements, to have gained the upper hand over the world-renowned diplomatic representatives of His Britannic Majesty. Certain it is that Sir Robert Clive, the former British Minister to Teheran and a notably able diplomat, tried for many months to effect a satisfactory commercial agreement with the Persian government, failed and went home. Less than a month after Sir Robert's departure A. M. Petrovsky, the Soviet Ambassador, accomplished the seemingly impossible and put over a treaty so grossly partial to Russian commerce with Persia that it aroused the immediate but vain protests of a number of foreign nations. Mr. Petrovsky, if not a polished diplomat in the old sense of the word, is at least an engaging personality with a fair knowledge of foreign languages and possessed of an obvious inclination to make a pleasing impression. In this respect, however, and with the possible exception of his own tall and handsome military attaché, he is alone in Teheran in his inclination to observe the dictates of standard diplomacy.

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The treaty mentioned above was signed on the 27th of October, 1931, and exchange of ratification took place in Moscow June 24th, 1932. In both Russia and Persia there are in existence today state monopolies on all foreign commerce so that the two governments are able absolutely to control exports and imports in their respective countries. Persia, in an attempt to balance her foreign trade, has established quotas of the amounts and types of merchandise that may enter her domain each year. The treaty, aside from dealing with certain navigation problems on the Caspian and the rights of Persian citizens in Russia and vice-versa, is mainly devoted to stipulating what percentage of these quotas shall be permitted to come from the Soviet Republics. In no less than seven items including sugar, matches and certain petroleum products, the Russians are given a complete monopoly of the quota, an agreement which certainly departs radically from the customary international practice. Other interesting items include cement of which Russia is to have 72 percent of the total allowance; porcelain and crockery 76 percent; wrought metal 65 percent; paper 66 percent; and alcohol 60 percent. Probably the most significant single item in the list is that which provides that 53 percent of all machinery, motors spare parts, and electrical apparatus of all sorts imported into Persia must come from Russia, a nation which, no matter what its industrial future may hold of supremacy,

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can as yet hardly compare with Germany, England or America in the production of these articles.

This treaty, as may readily be seen, is indeed a triumph for Soviet diplomacy and one which may well give pause to Russia's British rivals for influence in Persia.

Aside from the purely diplomatic representatives at Teheran there are operating in Persia today large numbers of Soviet secret agents whose objective is the spreading of Bolshevist propaganda, but since they have discovered that the Communist idea is slow to take root throughout the Shah's domain they have confined their efforts to destructive agitation against the Persian Government. The tribes, always a source of trouble and embarrassment to the central government (as witness the recent kidnapping of three members of foreign diplomatic corps on the main highway to Damascus) are continually stirred up. Private citizens with grievances against the present regime are incited to trouble making. Bribery, an almost universal institution in Persia until recently, has been open to the well-heeled Russian agents-provocateurs intent on governmental sabotage, although of late, Reza Shah has done much to stamp out corruption among government officials. The power of the Soviet Union, the methods employed and the men who have employed them create for the imaginative native a sinister and mysterious atmosphere which hovers about all Russian activities in Persia. Fantastic tales are told of unsuspecting victims who have received invitations to dine at the Soviet Embassy and who, having once passed through the tall, wrought iron gates of the compound, were never seen again. Grotesque as they are, such fabrications and the eagerness with which they are received, serve to illustrate the Persian state of mind. The continued willingness of the Persian government to deal in a something more than friendly manner with Soviet diplomats in the face of the obviously hostile activities of Russian secret agents is just another of the baffling paradoxes which at every hand confront the student of the Persian scene.

A new and recent development of the Russian plan for spreading of Communist ideals and teachings was the proposed foundation of a series of free elementary schools throughout Persia where Soviet propaganda could easily be disseminated along with the more customary academic sweetness and light. Reza Shah's Ministry of Education, however, nipped this plan in the bud by a sweeping fiat closing all the foreign elementary schools in the country. Little did it matter that American, English and French schools, some for more than fifty years, had performed services of inestimable value to the Persian people and their government. If the Russian schools proposed to teach the tenets of Bolshevism then all foreign schools must close, since it would obviously be injudicious to single out the offending Russian institutions alone for punishment. The full extent of this action and the resolution with which Persia has undertaken to stamp out any taint of Communism will be appreciated in the light of the fact that in the four Russian elementary schools affected there were only a thousand students, whereas the other foreign seminaries had an enrollment of over nine thousand. By the Ministry of Education's move ten thousand students have been turned into the streets, very few of whom can be accommodated in the already crowded native schools.

Astute observers of the Persian scene are prone to extreme skepticism over the prospect of any great ground being gained by the Russian brand of Bolshevism in Persia. Certainly the possibility, if it exists at all, is extremely remote, but it is equally obvious that, due to the partiality which Reza Shah and his Minister of Court and Grand Vizier, Timoor Tash, are showing for the Soviets, the star of British prestige is fast waning at Teheran. The rapidity with which events are now moving in the East will, in any event, call for a showdown in the very near future between these two powers, and from all signs and portents, while Russia will, in all probability discover in Persia a country notably unwilling to become her satellite in economic and social ideals, it will not be Mr. Petrovsky and his associates who will receive the short end of the deal at Teheran.

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The Soldier Asks for Pay

General Smedley D. Butler, U.S.M.C. retired, replies on behalf of the veterans seeking immediate adjustment of the bonus to arguments against the bonus grab presented in these pages last month by Archibald Roosevelt.

By Major-General Smedley D. Butler

THOSE, LIKE MYSELF, who advocate the present payment of the adjusted compensation certificates of the World War veterans, are termed "treasury raiders" by a certain portion of the American press, and are pictured as favoring the "buying of patriotism"—a typical catch-penny phrase devised to fight the so-called "bonus."

The American people are not easily deceived, and they know that payment of the bonus is not purchasing patriotism, and that the veterans who demand this payment now are not treasury raiders.

Treasury raiders ever have been and are now common in these United States, but the soldiers are not in this class.

Millions of dollars worth of patriotism was bought during the war, not from the soldiers, but from huge, industrial corporations on a ten per cent plus cost basis —corporations the representatives of which now raise the cries of "treasury raiders" and "Don't buy patriotism!"

Our veterans again will go before Congress this winter and pray that some way be found to permit them to get cash on the certificates which they now hold as their private property—certificates that are Government contracts or agreements to pay in 1945. In hundreds of thousands of cases throughout the country veterans are in such dire need that these contracts are the only things which they have between themselves and starvation.

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Those of us who know soldiers, know that war, and even preparation for war, changes a man. In 1917 and 1918 the youth of America left their homes, donned uniforms and marched off to war. They gave up their jobs. They gave up their opportunities. For varying periods these men either engaged in war, with all its horrors, or else prepared for it. They were taught to care little for life and less for convenience. They were taught to kill without thought and to die without fear. They helped to win a glorious victory. Then they came home, to be cheered and hailed as heroes. The world, and the sun, and the moon were promised them. Soon they learned that while they had served and suffered at a dollar for a twenty-four hour day, those who had not endured these hardships and dangers, but had remained safely at home, had received fabulous salaries. Most of these returning heroes found it difficult to obtain jobs; most of them found it extremely difficult to readjust themselves to civil life. War takes a great deal out of a man. Most of the men who joined the colors never caught up with the years they gave to their country.

The American people are always fair and honest, and because they realized that a soldier returned from war is not the same man who left to fight for his country, Congress finally voted the adjusted compensation to be paid twenty years hence, with interest, after suggesting every possible plan under the sun but actual cash when cash was the only thing that would do any real good.

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What is this adjusted compensation, or bonus?

It is merely an acknowledgment on the part of our Government that, inasmuch as the pay during the war days to the soldiers was so small, particularly in comparison with the wages paid those that remained at home in safety and ease, that some adjustment should be made. Therefore, the wartime pay was increased. Thus the bonus is merely back-pay.

The Republican administrations in power after the World War found excuse after excuse to prevent immediate payment of that bonus. The money wasn't available. It would break the treasury. It would unbalance the budget. It couldn't be raised. It would hinder prosperity. Every possible manner of excuse was presented.

Possibly the Federal government didn't have the money in those days. The veterans are not so sure. When the government returned the railroads to their owners after operating them during the war period, the owners claimed that the roads had changed during their absence from their owners' hands. They demanded compensation—or a bonus. I do not doubt that the railroads underwent a change in alien hands, just as the soldiers changed in alien environment, and that the railroad bonus was justified. And this bonus was paid, and paid promptly, because the railroads were strong, powerful and organized, and what they demanded they obtained.

The contractors and manufacturers and speculators and promoters and bankers who made so many millions out of the war filed huge claims against the government after the Armistice—claims for bonuses to compensate them for preparations they had made for contracts which were now cancelled and for various and sundry other services—real and imaginary. These claims, or bonuses, were paid, and paid promptly.

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The veterans, as well as many others, couldn't understand this, but by that time most of them had obtained jobs and had readjusted themselves to a certain extent, and so gave little further attention to the bonus.

When the present depression developed these veterans were among the first to feel its effects. At that time a demand was widespread for the immediate cashing of the bonus. Again the veterans were told that there was no money. A compromise, however, was effected and Congress passed a bill permitting veterans holding certificates to borrow up to 50 per cent of their face value instead of 25 per cent, and 2,734,582 veterans immediately made loans thereon amounting to $1,429,000,000.

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What did the veterans do with this money? Did they hoard it? Did they gamble it away? Did they drink it up? Brigadier General Frank T. Hines, Administrator of Veterans' Affairs, said that 65 per cent of the funds was utilized for necessities; 20 per cent was invested; 8 per cent was used to purchase automobiles, etc.; and only 7 per cent was wasted. "It may be safely said that a greater part of this money was due upon indebtedness already existing," General Hines has stated. In other words, even in those early days of depression the veterans were in extreme need.

Each time the veterans have asked for their money they have been informed that there wasn't any. Possibly not. But the veterans wonder that if we are so broke, whence came the three and one-half billion dollars for the Reconstruction Finance Corporation for loans to banks and railroads? The veterans do not, necessarily, question the advisability of these loans, but they are rather amazed that there is this much money when they were informed there wasn't any.

The veterans also wonder about the advertised poverty of our nation when they read in the newspapers that, during the one month of August, 1932, the securities listed on the New York Stock Exchange gained in value the mere sum of $7,287,742,341.00.

Now, along comes a newly formed organization called the National Economy League which, undoubtedly, will exert strong pressure at the coming session of Congress to defeat the bonus payment. They are doubly anxious to win this fight because the National Economy League backers realize that the veteran, for the first time, is about to take his rightful place in the politics of our country. The League, it may as well be stated, apparently is made up of representatives of the very wealthy and of the huge corporations and these groups, very properly and very laudably, desire to keep down their tax costs. This organization, like many another, takes it upon itself to speak for all the taxpayers in the United States, in opposing the veterans. However, they no more represent our 120,000,000 people than I represent the Admirals in our Navy. They represent the vested interests, and by their fight and the manner in which they are waging it, they are attempting to make a class issue of the soldiers' bonus.

How many store-keepers are on the membership list of the National Economy League? How many country bankers? How many farmers? How many clerks? How many laborers? How many soldiers and sailors above the non-commissioned ranks? In other words, how many of the soldier class of America have been enrolled by the National Economy League? By the "soldier class" I do not mean the veterans alone. I refer to the average family of the nation—the type of family which furnishes the men who do the dying whenever the nation is in trouble. I venture to say that there is no membership as would provide human war material in case of a crisis.

Veterans and heroes of our nation are hungry, but the group which the League represents finds it difficult to understand that a man can be hungry. If they can understand, they do not seem to care. They call attention to the fact that the veteran is now costing the government over a billion dollars a year.

Before analyzing that figure we must remember that, of course, wars cost money, and that the signing of an armistice may end the killing but not the cost, which runs on and on and on. Some day our people will come to realize this fact, and they will be more careful of their wars. But, meanwhile, it is the group now shouting the loudest over veteran costs which made millions out of the war and doesn't like the idea of paying for it. It is the same group of interests, too, which is the first to call for the use of our nation's armed forces in protection of their interests abroad.

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Now, let us get back to that billion dollars a year cost. To be a little more exact, it amounts to about $928,000,000. But this is not all for World War veterans. It is the cost of all our wars.

For instance, $225,000,000 of the total goes to veterans of other than the World War—to the survivors of the Civil and Spanish-American Wars and other military actions.

A total of $117,000,000 goes for war risk insurance payments. This insurance was paid for by the men during the war, and was deducted from their dollar a day pay. The government saved that much war cost then and, of course, has to pay it now.

About $100,000,000 goes into the fund for the retirement of the adjusted compensation certificates in 1945.

So this leaves around $470,000,000 as the entire cost of our veterans of the World War, and this includes administration costs, such as office rent, salaries, printing, etc., as well as operation of soldiers' homes and hospitals and the cost of medical and nursing care.

Now, add all this to the payments for death and disabilities and you still have an amount less than the money the government furnished to the Reconstruction Finance Corporation to take care of the banks, railroads and self-liquidating projects.

If the National Economy League wants to shoot at a real enemy of this country (and many of its leaders being soldiers it should know how to shoot) let them

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take a shot at some of the great extravagances of our Federal government instead of using all their ammunition on their own kind.

Then if they have any ammunition left over, let them shoot the smaller shot at the graft and extravagances of the various state and municipal governments. Let them take the cost of government in 1927—a good, fat year when everybody made money and taxes came easily and when one would think the cost of government would be highest, and contrast it with the cost this year when money is difficult to obtain and taxes are difficult to collect.

Here are the figures:

	1927	1932	Increase
Department of Agriculture (including that great success the Farm Board)	$156,000,000	$488,000,000	210%
Post Office Deficit	27,000,000	195,000,000	614%
Treasury Department	151,000,000	312,000,000	106%
War Department	360,000,000	483,000,000	34%
Navy Department	318,000,000	370,000,000	19%
Department of Justice	24,000,000	53,000,000	117%
Department of Commerce (and look at our commerce)	30,000,000	54,000,000	77%
Other independent offices and commissions (including the Wickersham)	35,000,000	57,000,000	63%

During this same period the cost of veterans' administration increased but 23 per cent.

Let us see if these adjusted compensation certificates could not be a self-liquidating project. Each is a government contract with a private citizen to be liquidated in 1945. In order to have the cash on hand by that time Congress has created a special fund in the Treasury which each year is being built up in proper amounts. The Treasury invests this money in the interest bearing obligations of the United States and in this way the fund earns a profit which is also added to the whole, helping the taxpayer just that much. By 1945 all of the money needed will be in the fund.

In the meantime Congress passed the amendment law allowing veterans to borrow up to fifty per cent of the face value of their certificates. The interest on such loans is charged against the certificate. So you see the cost of these fifty per cent loans is borne by the veteran and not by the government. In any final liquidation, such as the veterans now ask, Congress would probably provide by law that the interest account now running on the fifty per cent loans be deducted in arriving at the net amount due the veteran.

How the government is to raise this net amount in cash is a real problem. Three different plans have been advocated during the hearings in Congress on this subject, plans of which we shall hear more, probably, when Congress re-convenes in December. Each plan represents a different school of thought. One is to issue treasury notes—known in olden times as "greenbacks," and now called by the enemies of the plan "fiat money" or "printing press money." This is opposed on the ground that to issue such money would throw us off the gold standard. Its friends contend, however, that we have enough gold on hand to permit such currency to be floated without reducing our gold backing below the margin of safety.

The second plan provides that the government issue interest bearing bonds into the hands of the Federal Reserve banks against which the reserve banks would issue their own notes, to be used in settlement with the member banks or the veterans' administration at the time the certificates are cashed. This plan has been attacked along the same lines as that of the "treasury notes" plan.

The third plan proposes a government issue of "baby bonds," like our Liberty Bonds, and similar to the bonds issued by the Reconstruction Finance Corporation to bring out hoarded money. These small denomination bonds would be handed to the veterans in payment of the amount due them. The sponsors of this plan contend that the veterans' creditors, the merchants of their communities, will be glad to accept the bonds at their face value and that this face value can be maintained by the Treasury Department by buying them back from the public in proportioned amounts each year, using the cash from the certificate fund for this purpose. Its sponsors claim that the whole operation would be self-liquidating and would promptly benefit more people than any other operation the Reconstruction Finance Corporation or the Treasury Department could sponsor.

In conclusion, I believe the veterans will get their back pay because their claim is just and because the American people always play fair.

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Communism Under Four Flags

By George E. Sokolsky

In Japan, Communism means "dangerous thoughts"; in China a Communist is a bandit; in Russia he is one who accepts what is. World Communism presupposes the union of all these divergent types, which George Sokolsky author of "Tinder Box of Asia," reveals have little in common.

IN CHINA, a Communist is a criminal, often a bandit or a rebel; often only a critic of the recognized Government; still oftener an adherent of generals who command between 150,000 and 300,000 men who are fighting against Government troops.

In Japan, a Communist is also a legal criminal, although he is not to be killed if caught. Often he is a student rather than a proletarian. Often he doubts the wisdom of five or six families controlling the wealth of the nation. Nevertheless, he is a patriot and he believes in the Emperor—that is, if he only delights in "dangerous thoughts" but does not become a member of a more dangerous party.

In the United States, there is, as in China and Japan, a Communist Party. But everyone else who does not believe that Hoover spells prosperity or that Roosevelt can bring on "Happy Days," or yet that Norman Thomas is a masterly political prophet—is a Communist.

Everywhere, except in Russia, a Communist is one who is not disposed to accept as inspired truth that which exists. In Soviet Russia, one is only a Communist when he does accept what exists as inspired truth.

Men and women who questioned the permanence of human nature or the immortality of irrevocable truth used to be called radicals, anarchists and socialists. They used to be arrested or their skulls were tapped by nightsticks. Now such folk are called Communists. This species of man gets into trouble most often because he objects to some phase of human experience. Sometimes he pits himself against God; sometimes it is the state which offends him; most often it is the "system," which to him describes all politico-social-economic relationships. When he objects silently, he is just a moody person; when he starts making speeches, he is a radical; when he puts his hand to a weapon of offense, he is a Communist.

The difference between Tolstoy and Lenin surely is that whereas Tolstoy was seeking for truth muddlingly, Lenin had a specific objective and a rational plan. The difference between Emma Goldman and Trotzky was that while the gentle Emma spoke fiercely and had a heart of gold, Trotzky could organize a Red Army, fire it to fury by his oratory and fight the opponents of his party until they became waiters and butlers in Paris and Constantinople.

The successful Communist differs from the ordinary radical principally in that his is not merely a group in opposition. His is rather a group that tends to solid organization, that is capable of submitting to discipline, that can hold power when it has seized it and can maintain rigidly its authority after the disintegrating forces of success have been given an opportunity to thin the blood of enthusiasts.

It is to be assumed that Communism has most to do with hungry men, but that is only true in the ranks. The captains are often of the despised bourgeoisie, intellectuals who have thought out the way to universal happiness, even aristocrats who had become ashamed of their superiority. Karl Marx himself had no cause to starve; Lenin might have been a respectable landowner; Trotzky's relatives were well-to-do merchants; Stalin might have been a priest. Hunger supplies the key to the following; intellectual analysis, rationalization, an unwillingness to accept standard forms no matter how illogical, the leadership.

Yet, it is hunger that really is the power that moves all these men. Not their own hunger, but other people's. A most devastating experience is not only the consciousness of hunger but the sight of it. I have seen much hunger in several countries—death is more easily encountered. It is the visual evidence of hunger that chills the spirit and starts one wondering. That is how many become Communists.

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I remember the Smolny Institute in 1917-18. It had been a seminary for aristocratic girls. It became the headquarters of the Peasants, Laborers and Soldiers Soviet, first of Petrograd, and then of Russia. Kerensky was in the Winter Palace dreaming of Catherine the Great, but in the Smolny Institute they were paving the way for an end to the capitalistic civilization. The Winter Palace was a dignified White House; the Smolny a vivid, colorful revolving wheel of life.

At first, Lenin was in hiding while Trotzky moved about the streets of Petrograd freely. I had seen him on the East Side of New York. I had seen him in the Bronx. He pressed trousers and wrote feuilletons. He delivered such bon-mots as that the American Socialist Party was the third front of American capitalism. Now, I saw him in Petrograd. He was paving the way for the revolt of the Petrograd garrison. Trotzky was a notable figure, but the Communists would not refer to him as a great man, for they dislike prima donnas. Men, to them, are like little brooks; it is the great stream of causation that flows on.

Lenin I did not see often, but I shall never forget the

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night when he went to bed while all of Russia waited for the Constituent Assembly. Fifty years Russia had waited for this meeting, but it was no longer necessary. So Lenin went to bed. At four in the morning a sailor said to Chernoff, who was only a radical:

"Comrade, the hour is late. We want to go to sleep, you have spoken enough."

So the mere radicals went home and passed from history, but Lenin rose the next morning to rule Russia. The Communists knew when to stop talking because they had a plan. The radicals never stopped talking because they only had an idea.

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And I shall never forget the winter of 1918 in Siberia. Our "Express Getaway" was moving not too rapidly. We could visit villages. Everywhere young men and women were getting even with the local bourgeoisie and with their parents. At the Smolny Institute they might have a plan and an idea, but in the villages it was just enthusiasm and fun. It was young people getting a little of their own back. Lots of things happened to priests in those villages because they wanted too much money to marry young folks, or because they had declined to countenance mixed marriages. The young, dispossessed peasants, the demobilized soldier and his sweetheart, the apprentice who had been given many blows and little food, each had his score to pay off. They were Communists, too—because Lenin and Trotzky meant change, and any change seemed to be for the better.

Then came the discipline of the plan and purpose. The Communists, first at Petrograd and then at Moscow, took over the machinery of the Czars. Bureaucracy took on a new name, but not a new form. Commissars were successors to *Nachalniki*. Rules, regulations, passports, secret police, discipline—it is what the Russians know and like. No Cossacks with knouts, but a Red Army and a Cheka and a G.P.U.,—to the Russians there was continuity in these forms.

In Russia the Communists were successful because they only changed the objective but not the procedure. To Russians in Russia, the Soviet Government offered no novelty. In a Siberian village, a peasant told me: "We Russians are a dull people. We have to be governed. Once upon a time it was the Swedes. Then came the Germans. Now, it is Jews and other outsiders." Had he known it, he might have added Georgians and Mongols.

But nowhere else can this strictly Russian model of government function. For nowhere else are human beings accustomed to despotism and discipline to such an extent. The Russian submits, and he now has an electric light in his village.

It is impossible to say that there would have been no Communist Party in China had there been no Peace Conference at Versailles. Certainly China's failure to regain Shantung, the sacrifice of her rights by the Powers and the blind spot in President Wilson's idealism turned many a youth to Soviet Russia. Not proletarians but intellectuals were the first Chinese Communists. Chen Tu-hsu and Li Ta-chao were scholars and professors and they organized the Chinese Communist Party.

Organized idealism has not been indigenous to China. Buddhism, Taoism, Islam, Christianity, Nationalism, Communism—they all come from outside. Yet in China, these movements take on distinctively Chinese forms. Perhaps the first evidence that the process of sinofication is at work on such a movement is the breakdown of discipline. For the Chinese is, before all else, an anarch, an individualist, a resister to despotism and discipline. He joins a group with a mental reservation. He pledges allegiance with his tongue in his cheek. He knows that a great leader is just a man to his Number One Boy who gets him his breakfast.

The Communist in China then does not quite function as the Russian does, but rather in the manner of the Chinese—loosely, at times fervently, always individualistically, invariably without so fixed a plan that it is not adjustable by human reason. Thus, Chinese Communism has produced no Lenin or Trotzky, although it has produced heroic men who live in hills among bandits, who starve when they might have had fat jobs in Nanking.

Mao Tzu-tung, Ho Lung, Yeh Ting, Chu Teh—generals are many of the Communists, for it is fashionable in China these days to be a general. Yet Li Lih-san organized a strike against the British which lasted two years and which was financed by the Shanghai Chinese bourgeoisie and the provincial military satraps against whom Li was preparing the masses. So jumbled is Chinese psychology that those who have most to lose from Communism in China, the Chinese banker and industrialist in Shanghai, supported Li because Li was also anti-British.

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In 1925, it was difficult to distinguish between a nationalist and a Communist in China. Chiang Kai-shek was first introduced to a wide public as the "Red General." T. V. Soong was supported in the first year of his career by Michael Borodin, Soviet Russia's emmissary to Dr. Sun Yat-sen. Sun Fo, Dr. Sun Yat-sen's only son, in December 1926, lost his temper and announced that Communism and the third principle of his father's faith were synonymous; yet today, he is quite a conservative who finds even the Nationalist Party a bit radical. Chen Kung-po, who is now a rather slightly pink Minister of Labor in Nanking's capitalist government, was, in those days, when he was the Kuomintang Commissary of Labor, a very red person, not a radish but a beet-root.

Somehow red fervor does not last long in China. The great men of a movement seem to sober down quickly and become millionaires. It is perhaps the family system that drags idealists down to the more mundane plane of personal consideration. Or it may be "face," which encourages men to seek glories in the title of Minister of State.

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Whatever it may be, after the split in 1927, when the Communists and Kuomintang broke up their partnership, the Communists became illegitimate and Nanking even passed a law making Communistic activities subject to capital punishment. The split was on strictly personal grounds. Chiang wanted to govern China and most of the Chinese Communists disagreed with his opinion of himself. Since then they have been fighting, each hurling armies against the other, Chiang with the acumen of the best Chinese general, the Communists with the skill of a Chinese rebel. Chiang calls the Communists bandits; they call him a "running dog of imperialism." Five times he has hurled his forces against them; five times he has announced their complete defeat; each time they survive for another war. Yet, as close as they come to victory, the Communists have not yet established a base on the Yangtze which is their objective. Communism in China has not yet gone far beyond the feudal warfare stage of China's political evolution.

Nevertheless there are stern men and women among the Chinese Communists who remind one of the Russians. Ho Lung's sister leads a regiment of women who fight as only Amazons can, utterly without mercy. Men and women do die for this cause in China. In the regions which the Communists control, there is a discipline which seems to hold. No Communist army has yet gone over to Chiang Kai-shek, although many of his troops have mutinied and turned red. In fact, much of the munitions of the Chinese Communist armies are sold to them by Chiang's troops, a defeat often indicating to the initiated a preconceived plan to transfer rifles or bullets.

It would not be without justice to say that the morally best elements of the nationalist movement in China are now in the Communist ranks. At any rate, here one finds men and women who, as poor as their plan may be, adhere to it. They are perhaps frightened somewhat by their own thoughts, but they stay in the interior among their own suffering people, far from the Treaty Ports where life is pleasant and easy.

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Experts may quarrel as to whether 30 or 60 or 90 million Chinese live under the Communist regime. But it really matters little when one gets to that number of millions. Suffice it that a small group of intellectuals can attack in a vast area without meeting devastating resistance, the family system, the most sacred institution of Chinese culture. To the Chinese Communist, the family system is even more damnable than capitalism is to the Russians, but, after all, capitalism, as we know it in the West, is hardly existent in China, whereas the family system is ubiquitous, poisoning, according to the Communists, the minds of the next generation. Chinese Communism does not face the problem of destroying the authority of God, but it is concerned with what foreigners like to call ancestor worship, that is, the reverence of the parent which is the dominant characteristic of Chinese social psychology. Communism takes on the role of social and psychological revolution even more than political and economic revolution.

The Chinese method of destroying opposition is either by total non-resistance, of which the boycott is an expression or by ruthless, often hysterical, extirpation. The old fashioned governments in Peiping employed non-resistance. They had no knowledge of such a movement; therefore it did not exist. They knew that certain individuals had unusual foreign notions, but so had other individuals. Until Li Ta-shao was strangled by Chang Tso-lin, no Communist was bothered much.

Nanking's policy has been different. Since the organization of the Nanking Government, it has been slaughtering those suspected of being Communists. I remember on one occasion the foreign correspondents in Shanghai requested the local Chinese officials to move the execution grounds because they did not enjoy listening to Chinese Communists being shot when they came for their daily interviews. I also remember the day that the scholarly Hu Shih called on the philosopher Wu Tze-hui to beg him to save Tuhsu's son, one of the most brilliant of modern Chinese poets. The philosopher Wu promised to help the young man to leave the country, but when Hu returned to his house he read in the newspapers that the poet had already been shot.

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As recently as the last week of July of this year, Madame Sun attacked the Government for this policy. "The issue," she said, "is the lifting of the terrific burden that now weighs upon the Chinese people and the smashing of the White Terror that has filled a million graves, and filled the country's prisons with thousands of our best men and women, boys and girls, whose only crime has been an attempt to shatter the chains that bind the Chinese masses to the footstools of the imperialist powers."

And in the last two words of her pronouncement lies both the strength and the weakness of the Chinese Communist Party. As long as it is predominantly anti-foreign, it will enjoy an enormously vast following, but it will also not be serving China a constructive plan. The Russian Communists forgot the foreigners for a time and devoted themselves to Russia. The Chinese Communist, as the Chinese nationalist and the Chinese anything else, is eminently preoccupied with the foreigner. It is the imperialist that they condemn even more than it is China that they would change. Therein all articulate Chinese are alike.

Chiang Kai-shek's White Terror is as inevitable as his very existence. By any other method, Ho Lung or Mao Tze-tung might today be sitting in Nanking, governing a Soviet China. And Chiang may yet fail, and the Soviet China may yet come into existence. But will it matter much? Will China be altogether altered? Will China take on a Russian fascade? It is doubtful. The jumble of individualities that is politics in China is likely to continue while the people change slowly, as the earth changes slowly by the force of erosion and the activities of earth worms.

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Katayama lies in Moscow, a sick old man. In his eighties, he longs to see Japan. His wife and daughter come from Japan to see him after many years of separation. The Japanese Foreign Office will visa his passport but cannot guarantee that the Minister of Home Affairs will grant him freedom of movement. It will soon be over with Katayama, but he must see Japan, touch its soil, gaze upon Fujiyama before he dies.

Sen Katayama is the leader of Japanese Communism. Bachelor of Divinity, educated at an American University, he became a social worker, establishing Kingsley Hall, Japan's first settlement. He moved steadily leftward until he was Japan's outstanding Socialist. Suffering police persecution, he became an exile nearly twenty years ago, his wandering taking him to every country of Europe and Asia but principally to the United States where he became a notable figure in radical circles. In 1921, he became a Communist and a member of the Executive Committee of the Third Internationale.

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Katayama is really not a startling phenomenon in Japan. Whatever exists in the West must be mirrored in Japanese life. If the West has a Communist group, we must seek a Katayama among the Japanese and he will surely be found. This fidelity to Western forms is only now being subjected to higher criticism in Japan, to a rational analysis which will undoubtedly take Japan back to Asia. Until this historic moment, however, Japan normally, but Asiatically, reproduced Western contours in every shade. At times it has been amusing, at times tragic. For Sen Katayama it has always been a tragedy, for he has been unable to dwell in Japan.

Japanese Communism has always been secret, enigmatic. The Communist Party is illegal; membership is a punishable offense. Its actual headquarters is still in Moscow. How many Japanese students and laborers are Communists no one knows; but every once in a while the Japanese police grow frightened by "dangerous thoughts." Bookstalls are raided, a few magazines are suppressed, some students are arrested—and the thing dies down.

"Dangerous thoughts" involve a penetration of irritating ideas among the intellectuals. It is a curiosity of Japanese psychology that "dangerous thoughts" should frighten the police more than dangerous persons. It is also a curiosity that Communism is rarely called by its proper name, but is a "dangerous thought," just as "a certain country" is usually the United States. It is a romantic country, this Japan, and in a romantic country there is little room for Communism.

The evidence for this generalization is to be found in the history of the past two years—the most difficult two years, economically, socially and politically, in Japanese history since 1868, when Japan became a modern nation. In such a critical period, has there been a Communist Revolution? Is Katayama recalled to establish a Japanese Soviet? Do laborers march with Red Banners in the Ginza? Not at all. Rightward move the people to the most reactionary groups. General Araki, imperialist state socialist supporter of a return to Japanese forms, is the national hero. The laborers and starving peasants destroy the vestiges of liberalism. The Emperor is venerated as a god. Japan can afford to be friends with Soviet Russia, for Communism seems to be a dissipated movement.

Yet do we know that that is so? What is happening deep underneath among the submerged, unemployed, desperate peasants? What "dangerous thoughts" move the peasants whose daughters enter the Yoshiwara to help pay off a mortgage? In Japan, one cannot be sure, for the Japanese are a moody people, exploding hysterically when they can bear their burden no longer.

Yet this can be said with certainty, the Japanese will find it difficult to support a social and political conception which involves subordinating his country to such an international body as the Third Internationale. In the psychology of the Japanese people, it is not the great Japanese Empire that matters and surely not the rest of the world. It is the four little islands, rocky, earthquake shattered, inadequate for anything but beauty that completely absorbs his personality. Japanese Communism breaks upon the rock of internationalism. Katayama is not being followed to Moscow any more than Dr. Inazo Nitobe has been followed to Geneva. Japanese prefer to remain in the land called Nippon.

In the struggle between intellectual rationalization and emotional patriotism, Communism seems to have become a limited influence. It is possible for a Japanese to follow Karl Marx but never Karl Radek: it is possible for a Japanese to sing paens to Stalin and the Five Year Plan as exemplars to be followed, but he never can support the conception of a Japanese national political organ being a section of an international body of control.

Whereas the Chinese might form such an alliance as Sun Yat-sen did with the Third Internationale, and throw it over when no longer required, the Japanese gaze far ahead and regard even the implication of such a possibility a "dangerous thought."

Communism will not come to Japan as long as the Emperor is held in veneration by the masses. It might follow a republican revolution, but no one even thinks of a republic in Japan. Such an idea is not a "dangerous thought." It just is not thought.

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The Communist may desire to be an internationalist but he cannot resist the continuing force of his own personality. In Russia, he remains a Russian; in China, he remains a Chinese; in Japan, he is a Japanese.

In each country, Communist ideology starts at the same mark in the politico-economics of Karl Marx and ends in a revision according to particular local assumptions. In each the tactics initially are those devised by Lenin and Trotzky in Smolny days; yet somehow in time, the Communist Party becomes characteristically indigenous and responds to the particular personality of the race. It is because of these phenomena that the World Revolution failed and Trotzky sits on the island of Prinkipo, a fanatical supporter of a lost cause.

Even in the United States, this phenomenon is apparent. The Communist Party remains tiny because its politics involve a discussion of economics which are too abstract for the American masses. Its internationalism can have no appeal to a people accustomed to resent entangling alliances. In a land where the son of a

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foreigner regards himself as much a native as a Mayflower descendant, international associations point a road to treason. Such a people cannot envisage the capital of their country in Geneva, much less in Moscow. The international character of Communism dams the movement for Americans.

Yet one cannot ignore the American resentment at class distinctions. In Russia, class distinctions have always been apparent and real; in China, they are more apparent than real; in Japan, they are of the nature of things. In the United States, every man still expects to become a capitalist. The class struggle here is then not to destroy the upper economic classes but to become a part of them. The American Federation of Labor thus becomes an organization of prospective capitalists, while the I.W.W. disappears with the death of "Big Bill" Haywood. The assumption of fixed, embattled classes finds its root in serfdom. In the psychology of a people who have ever been free farmers, there is no place for such an idea.

It was the internationalism of the anarchists which made them an abhorent group in this country and kept their following small. It was the class struggle conception of the I.W.W. which reduced its influence among the laborers. The Communists suffer from the handicaps of both these ideas, which means that the party cannot take on an American fascade.

Only one issue has been developed by the American Communist which is distinctively American. That is racial discrimination, particularly as it applies to Negroes. As racial discrimination is a positive characteristic of American social life, opposition to it takes on distinctive American forms. To some extent, still to be measured, the American Communist Party receives its strength from Negroes, its candidate for Vice-President being of that race.

A legal party, operating openly, its press uncensured, its officers moving about the country in comparative freedom, the American Communist Party has enrolled only a few thousand members. As things go in the United States, it is not even a party of protest.

In Russia and the United States where Communism is legal, in China and Japan where it is illegal—everywhere under whatever conditions, it drifts away from general assumptions to particular applications. It breaks up into sects. Its members quarrel over formulae. Members are expelled for failure to remain "orthodox." Martyrs seek death for a cause in it. The day may yet come when accurate thinkers will avoid using a generic term for so very diverse an idea.

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COLLEGE YOUTH DISCUSSES ITSELF

"Coming of Age in America"

By F. Vinton Lindley
Yale '33

Youth has gone back to college. To prepare itself for a place in the chaos of civilization? But youth appears to have a different view. In this issue, NEW OUTLOOK *begins a series of articles in which college youth will discuss itself. F. Vinton Lindley, twenty-one, Skull and Bones, Zeta Psi, is chairman of the Yale Literary Magazine.*

"WHAT THE DEVIL?" asks the young man of today. "What the Hell!" ejaculated the youth of yesterday.

These are snap phrases. Yet they serve, I think, as well as anything can, to illustrate the difference in attitude between two generations.

Some one is always writing about "generations." Every enterprising, modern novelist is casting about for a family to carry through interminable generations of Chinese life, or English life, or Criminal life. What middle-aged modern lady does not discourse upon the "younger generation" time out of mind? "Generation," *ergo,* Sex is the watchword of the era. Generalizations upon the generations fill the pages of our magazines. What is one to believe?

Let a generation speak for itself. One need not believe what it says, but one knows at any rate that it speaks with sincerity.

Whirl is king having overthrown Zeus. These words are inscribed on the title-page of Walter Lippmann's "A Preface to Morals." For many they stand written in gigantic letters upon the title-page of the first quarter of the Twentieth Century. Chaos is here, we are told. Then, turning to us, the generation which is coming of age, "What do you propose to do about it?"

Just two things: First, deny flatly that we are in a state of complete chaos. Secondly, approach what chaos there is, not with a shrug of the shoulders and an "Oh, what the Hell," but with a "What the devil? What the devil does this mean by being like this?"

You will smile and make an indulgent gesture. You will say, "Youth, Youth, with its idealistic dreams, its reformer ambitions, its self-confident projects to remodel the world!" You will pat us on the head saying, "Go to it, Sonny;" but you will smile in your heart the easy, sad smile of one who has seen much and seen little accomplished, watched meteors appear on the horizon only to trail off at the ocean's rim into little, ineffectual bits of star-dust. You will remember your own dreams of action, and you will say with the matadors of Spain, "Act up, Young Bull, if you like, but you will fall to your knees in the end, even as I have fallen." You will, in short, shrug your shoulders once more and murmur once again, "What the Hell!"

You are cynical about the idealisms of adolescence. That is characteristic of your generation. You are the War generation. Cynicism-producing as all wars have been, it is generally admitted that the last war manufactured more cynicism per battle and per man than all the philosophers of the world have been able to produce in thousands of years. You did splendidly, Generation, in that war; but it left you with a cocktail in your hand, skirts above the knee, and shrapnel in your soul.

It left you soured. When the long-fought-for "federation of the world" did not come about and a gigantic Depression arrived in its stead, you proclaimed a state of Chaos. Those of you who had been working faithfully at some task all your lives only to find yourselves suddenly destitute, announced that Zeus was overthrown, Whirl was king, there were no gentlemen in politics, and what was the use? You did not give up, for you have never been that kind. You simply tasted more strongly than ever the gunpowder on your tongue, which you have never completely washed out since the War, and decided to stay in bed that day and tell your wife about the awful state of the country over your morning newspaper. You exaggerate. You are always talking about "Problems." Everything is a "Problem." You give a large, important, but despairing sound to the "O" as you pronounce the word. You ask us what we are going to do about these "Problems." You assure us that we have more problems than any generation has ever had. No generation has been through what you have. It is understandable that you should be shaky, and even a little dotty on the subject of "Problems"

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and "Conferences" and "Solutions." It is also understandable that you should be desperately cynical about the latter. But you magnify, you distort, you exaggerate.

Depression and Chaos and Misery, they say,
Lie all around us and ahead.
Nation is holding nation at bay;
The world expects to be bled,
And is bleeding. System and plans
Are offered. A boycott that spans
The East. A war which involves the West
Thou knowest. I need not detail the rest.

Fool! What reason hast thou
To cry out? Was nature built
To serve thee? Dost know how
She has dealt with others? In the silt
Lie dinosaurs. Mankind! look upon the wall
Of time. Lucky thou to be alive at all!

The poem is peculiarly lacking in pure poetic sensibility, but, coming from one of us, it expresses the realistic thought of our generation. Yes, there are evils. Yes, there are what one might term "chaotics." There is a lunatic fringe of chaos. But it has not yet frayed the center of the cloth. We are philosophical enough to realize that, notwithstanding what seems to our local minds to be cataclysm, it is none the less the most satisfactory form of existence the world has yet devised. One does not wish to be Pollyanna on the subject; but after all, as a modern cigarette advertisement has it, "Nature in the raw is seldom mild," and whatever else our civilization may be, it is not in the raw. Granted, it is in the *red,* temporarily. It still remains a far more pleasant place to live in than it ever has been before, and certainly more satisfactory than even the one-time pastoral existence which some modern poet agonizes for when his toe is run over by a subway train, quite forgetting that he will owe the continued identity of that toe to the very scientific civilization which he deplores. In fact the wretched creature probably owes his very life to the scientific era, and, if he had been born in the Middle Ages, would have died off at birth with all the other thousand-and-one Middle Ages babies. Our generation studies a vast amount of history, and in looking back over the ages it is not so discontented as business men with their eyes on an eight-or-four-year cycle expect it to be. It is better to live in sin and penury with America today than it would have been to live with Attila the Hun. It is better to have lived in America in depression than never to have lived in America at all!

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Yet it would seem that the Scourge of God had been laid somewhat upon us. We are living unquestionably in a time of transition and of suffering. There is little use in attempting to describe the vast political and economic complications which confront us. I think the entire situation can be summed up in a brief, human picture.

A citizen in New Jersey has spent his entire life truck-gardening, taking his few vegetable products to the town for sale and accumulating the resulting cash, penny by penny, in the local bank. By 1931 he had managed after a long life at hard labor to accumulate $20,000. He was seventy years old and planned to retire and give his family some of the benefits of his life of toil. In June 1931 the bank failed. Now, at the age of seventy without a cent in the world this exemplary citizen is starting his life all over again, planting his few rows of beets, laboriously taking them into the village for the three or four cents which he gets for each bunch.

Isn't it enough to make one break down and cry on the spot? I have no wish to introduce any false note of pathos. The picture is, as you realize, an actual one. Every one knows of similar or even more poignant situations among one's very neighbors. The implications are obvious. The truck-gardener lived a highly productive life, took the product after a period of years to specialized financial experts, the directors of the bank (as one would go to a doctor for advice), invested the money as they directed, and through no fault of his own, and possibly through no fault of the directors of the bank, lost it all. Truly there is something rotten in a system, or in a condition of financial and political values, where such an episode can occur.

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The present political campaign is another illustration. I think every one is agreed that the ballyhoo to decide who shall hold the most responsible position in a great country has never been so altogether blatant, that the personalities involved have never been so wholly lacking in any quality approaching greatness; that a complete absence of sincerity and grasp of first principles of government and of ordinary political honesty has never before been so manifest. To the younger generation there seem to be about five men in public life today who are of truly "public" stature, and they are not represented in the list of candidates. The qualities of simplicity, sincerity, and understanding seem to have completely deserted the minds of our leaders. Those who are of sufficient calibre to lead either choose not to do so or realize that the preposterous ballyhoo with which they must surround themselves in order to obtain office is not worth the candle. They are reduced to sitting upon the side-lines and commenting.

What do we who are coming of age in America today propose to do about it?

The answer is complex. It is, in part, the answer which has been so much discussed in college papers and in the general press throughout the country. "Young man, go into politics!" He is going. He really is Of the writer's personal acquaintance in various universities there is hardly a single distinguished young man who has not expressed his determined purpose to adopt politics at some time in his life as a career. Even Harvard (all congenital prejudice discounted) is teeming with political enthusiasm as far as an outsider can observe. A member of the A. D. Club is talking of

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getting speakers from the National Economy League to speak at the College. It is unheard of! Even the Long Island youth of the nation is beginning to rouse itself. Perhaps you do not consider Long Island youth suitable material for statesmanship? It is, however, more so than it would appear. At any rate, the point is that something has stirred up Long Island youth besides cocktails. That, in itself, is a very great advance.

The movement is all the more significant in that it is paralleled by contrasting geographical areas. The writer motored over most of the Middle West this summer stopping for the night at all sorts of places and with all types of people. Everywhere the same song was sung. No one seemed particularly interested in the immediate election. People were apathetic about it. It was, they said, a choice of evils. What the Hell! The older people threw up their hands and smiled. Everywhere the same reaction on the part of the younger people of twenty-one or thereabouts: What the devil! If the older men won't interest themselves, it's up to us! There was no Y. M. C. A. spirit about it. There was a simple determination. It was too late to do anything about this election, but in the future they were going to see that the real leaders came to the fore and obtained office, and they would modestly offer themselves as leaders if necessary!

Of course there was much that was childish about it. Of course there *is* much that is idealistic about this determination. Of course it is easy to theorize and hard to practice. But the determination is there. There has never been anything like it before in the history of the country, unless it was in the days of the Revolution. We are going into politics, fifty-thousand strong! University-trained men, not every one a Lincoln perhaps, but all intelligent and sincere.

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The subject has been talked to death. Yet the talk has generated life. It is bearing fruit. It has been of avail. It is no longer mere talk. For the first time in the American life of the last quarter century it has become an actuality. If no party in this campaign has made an effort to interest youth—and the Republican Party has certainly made little attempt to do so—it has made a mistake. We are not socialistic, quite the contrary, but we look for change, and that even the Democratic Party in its present condition cannot bring about to the proper extent. It has been left to us and we intend to do it. Not furiously and youthfully, but slowly and thoughtfully as we work up to positions of responsibility in the country.

In the economic field we are equally determined. We do not need a new system. It is not a new system that we intend to institute. It is rather a reiteration of principles as old as the hills. Mere common-or-garden Honesty in Business is something which we shall not preach, or have preached at us, but practice.

Our honesty is not natural. For no human animal is naturally honest unless he is too stupid to be otherwise. Honesty with us is not moral, for we are inclined to distrust moralistic conclusions. It is deliberate. It is a mental conviction. It is based upon the essential character of the necessity for honesty in our civilized society, in all human relations, and especially in commerce and business. We see the practical necessity for honesty and do not intend to becloud the issue with theological aspersions. We do not intend to make too much of the Science in Business principle which has swept the country. We shall be highly trained, but we rather distrust the professional economist. His sphere and that of Science in Business is the world of facts. We shall lend a more deaf ear to his opinions. We shall relegate Science in Business to the efficiency and statistical departments and keep it out of the magazines. We are equally opposed as a generation, I think, to too much government in business. If we can carry our ideals of honesty to their practical realization we shall not have so much need of the government's intervention.

Our entire conception of ethics are in flux. They are not, as many think, in Flanders. We have by no means thrown all morals overboard. As a matter of fact the pendulum is swinging back somewhat from the post-war ethical *débacle*. We are at present neither moral nor immoral. We are a-moral, like the amoeba. If one may be brutally frank—and our generation sees no reason why one should not be—the percentage of virginity among college men (may one add women?)—is astonishingly high. The shrapnel in the soul has spread down at any rate to cover the space left by the skirts above the knee. We are not an immoral generation. We are simply not moral for religious reasons, or for the sake of being moral.

We are beginning to see the scientific and psychological and social reasons for morality—the real reasons. We do not do half so much drinking as our forefathers in college. Any aged *restaurateur* will testify to that. They are always spoken of as "Hellers." What the Hell! We are mealy-mouthed prohibition-products for whom Devil is a strong enough epithet. We are a generation which is apt to be more interested in alcoholic content to furnish an argument for Repeal than for its own sweet sake. We are, it is true, a generation which does not know how to drink. We are a generation which does know how to obtain action and will repeal the Amendment if we die in the attempt.

Our love is not mixed up with alcohol. Neither is it, as some have accused, merely lip-stick deep. Those are the surface appearances. Underneath we have delved farther into the mysteries of the art than others have delved, for we have the undeserved aid of science.

Yet with all our talk of Science, we do not admit a machine age culture. We do not concur with Stuart Chase in his diatribes. Externally, of course, it is obvious that we are a mechanistic civilization. We shall be remembered as such in history. At our center we have a dawning culture. Gentlemen from Colorado are flooding Eastern universities, blunting their cow-puncher teeth on the polysyllables of the French language. Great departments of American litera-

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ture, American art, American civilization are appearing in the universities. In university life it has become, *mirable dictu,* the fashion to work. We are a generation which is not "out" for "culture," but intends to be well grounded in cultivated thought.

Our chief weakness in this respect lies in our almost complete disregard of religion. Perhaps it is a strength. At any rate we have thrown it overboard for the same reason we have thrown over any one ethical standard, because we have found weaknesses in it. It is a mistake, but we are realizing that, and swinging gradually back. We are not swinging back to religion, but to the philosophical, artistic, cultural influences which are bound up within it.

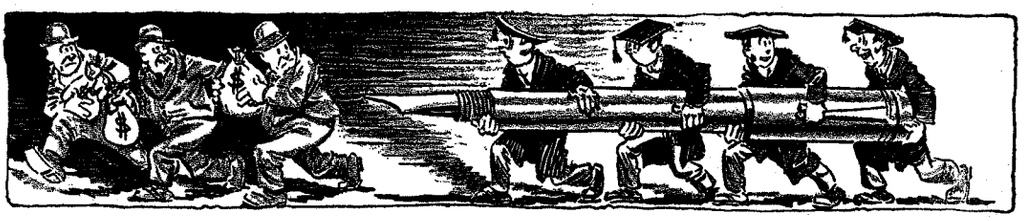
We have been so deluged with the critical spirit in education that we have lost almost all values. They are returning. A few years ago one actually heard, "Hell, I'm going out with a babe tonight. Why not? Professor Geller says they have polygamy among the Moros." We lost balance in being over-tolerant, over-skeptical, over-sensitive to the local character of our customs and institutions. We are now engaged upon evening up the weight. In the meanwhile we have lost certain essential influences of cultivated thought. The Bible is an example, almost unopened by this generation at this age. We shall turn to it soon, not for its shibboleths, but for its beauty, its literary excellence, its philosophy, its great fundamental human wisdom.

These are platitudes; and if there is any one thing our generation fears more than another it is the platitude. Surrounded as we are by them in the present political campaign, we withdraw into the grotesque in our effort to avoid the trite. It is hard to speak for a generation. There are so many varying elements within what men call a "generation." One can only generalize, note tendencies, attempt contrasts with another generation with which he has not been intimate since childhood and so cannot aptly characterize. The author is not trying to "sell" the younger generation to anybody. It might seem at times as if he almost were making one of those campaign speeches which he and his generation so deplore!

His thesis is that his generation is, to borrow an apt phrase from a contemporary, "challenging defeat." We do not admit defeat. We challenge it and find it not so formidable. This is no mere vague optimism. It is a compound of hope and courage, and *training.* It is hard for us to speak in practical details as yet. Socialism is not the weapon. God forbid! Reorganization is not the means. There is nothing intrinsically wrong with our system. The lack is in training and spirit. It is these which we intend to supply. The error is not in energy, but in direction. Our force shall be applied in the channels of politics, not in the byways of cynical indifference. It will appear in literature and art, not in erotic manifestations. It will manifest itself not in mere economic entablature, but in simple, intellectual honesty.

Is civilization and the future of civilization in chaos? Is America so short-lived a nation that it is already beginning to fold its gold-standard wings? Is international cooperation a vision in a very distant future? Is culture a reminiscence for professors and the sons of our grandfathers' grandfathers? The world is going to Hell?

The devil it is!



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How to Grow a Mooney Case

By Martin Sommers

A man and a woman without a country have been put in jail for life in China. The liberals of the world have undertaken to free them. Conservatives oppose their freedom. Martin Sommers, former United Press war correspondent in China, tells how this case is rapidly becoming an international affair.

OUR BURLESQUE-LOVING AGE has made "Mystic East" one of its pet phrases for smart derision. But a drama of Far East espionage and conspiracy, involving a youngish man, handsome in a sort of head-waiter fashion, and his little, brown mother hen of a consort—a drama now vaguely known to the world as the Noulens (or Ruegg) case—seems to indicate that although the East may not be mystic in the good old Sax Rohmer way, the 1932 Orient, nevertheless, produces its dramas of fantastic fact.

When I first encountered the story of Gertrude and Paul Noulens, as they are best known, although their string of thirty aliases on forged passports and other documents have made even their identities mysterious—the case was merely a lesser subject for international gossip during luncheon cocktail hour at the Peking Club. At this writing the case is not only an interesting melodrama of the rather mysterious manoeuvres of the British Secret Service and the Chinese Government across the stage of Far Eastern intrigue, it has taken an important place in international politics as well.

The Noulens, sentenced to death for sedition two months ago in Chinese courts which acted principally on the testimony of British secret agents, have just been granted life terms because of general amnesty in China, and today are serving these terms in Chinese prisons. As a result world clamor against their penal servitude stretches from Stalin's kitchen table desk in Russia to Sherwood Anderson's colorful bivouac in the pre-war section of New Orleans. All the chronic liberal crusaders for odd causes have joined in the world chorus that demands the Noulens' release—William L. Shipstead, Floyd Dell, Robert La Follette, Jr., Sinclair Lewis, Oswald Garrison Villard, John Dos Passos, and Theodore Dreiser, in this country; Henri Barbusse, Leon Werth, Romain Rolland, and Victor Marguerite, of France; Professor Albert Einstein, Lion Feuchtwanger, Ludwig Renn, and Count von Schoenaich, of Germany; four British members of Parliament, and Augusto Sandino, of Nicaragua.

In brief, the Chinese Noulens case is a California Mooney case in embryo, and it is growing daily more and more like a Mooney case. It might be well at this time for the world to consider the facts of the interesting story, before these facts are obscured entirely by controversy, and to see what is likely to happen if the Noulens case continues to grow along lines which are identical when varying interpretations of justice become the battle ground of social-political groups. China, as can and will be shown, did err in not promptly deporting the Noulens. The crusading liberals of the world immediately pinned on the case a flag which looks red, and thereby made of it a cause. The points of law and the points of justice are rapidly becoming obscured in a new world fight between liberals and conservatives.

The first scene of the Noulens drama is laid in Singapore, place of multichrome mixture of all the peoples of the world. Busy agents of the British Secret Service there, assigned to keep the equally busy Pan-Pacific Trade Union Secretariat from winning a foothold for Communism in India, Burma, Malaya, and the Straits Settlements, arrested a Frenchman, one Josef Ducroux.

The operatives of what the Soviet likes to call "Imperialism's terrible cheka" immediately seized all Ducroux's papers as a matter of routine, since he was suspected of being a Red, although an unimportant one. Before Ducroux was deported (deportation being the regular procedure with active Communists interfering with the progress of British trade around Singapore), his notebooks had yielded a series of interesting cable and office addresses at Shanghai. Notations indicated that Ducroux, active in organizing peasant-labor unions of radical tendencies, had received funds from correspondents in Shanghai.

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The justly famous "C.I.D.," or Criminal Investigation Division of the Shanghai International Settlement's Police Department, was notified. This secret service, chiefly under British direction and control, is invaluable in protecting the lives of Shanghai's 35,000 Europeans, huddled inside a corral with 5,000,000 Chinese outside. I discovered that last winter when, while the Chinese and Japanese soldiers were slaughtering each other outside the corral, the "C.I.D." twice stopped Communistic uprisings that might have developed a Red Chinese massacre of serious proportions.

Less than six weeks after the arrest of Ducroux, the British secret agents of the "C.I.D." struck swiftly and secretly in the heart of the International Settlement late on the afternoon of June 15, 1931. The placid, plump little matron known as Mrs. Noulens (there has been no more proof of the couple's marriage than there has been of their exact identities) was seized at her comfortably furnished apartment, hung with rare old Chinese embroideries, on Szechuen Road, while her husband, a dark, fine-featured young man, was arrested

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in his offices at 49 Nanking Road, which is the Fifth Avenue of Shanghai.

For at least one night after their arrests the man and the woman were not allowed to speak to one another, while they were questioned individually by the same British agents. Mrs. Noulens' Chinese secretary, Fu Ta-chin, later tagged as a well-known and dangerous Communist, was arrested and questioned at length in secret. Every piece of writing found in the offices and home of the Noulens was seized and exhaustively examined. News of their arrest was withheld for several days, Shanghai hearing only that one of the regular round-ups of Communists had been made and several prisoners taken. Naturally, and rightly, the crusaders for the freedom of Noulens have made capital of these details of the arrest ever since.

First news of the arrest came simultaneously with the announcement that the foreigners had been unable to prove themselves nationals entitled to the rights of extra-territoriality and, consequently, had been transferred for trial to the jurisdiction of the High Court of Kiangsu, the province including Nanking. The British secret agents temporarily slid out of the picture, handing the prisoners over to the Chinese to do as the Chinese Government willed. But British pressure to have the couple imprisoned was not relaxed.

At this point the Noulens case had attracted little attention. Not even Mme. Sun Yat-sen, an incorruptible Chinese if there is any such person, had moved to help the couple, although this gallant, gentle, little piece of old lace of a woman, widow of the revered "Father of the Republic," is always in the van of any battle for a lost liberal cause in China.

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Then came the explosion. The Chinese Ministry of Justice, in a highly unusual procedure in sedition cases, touched off what appeared to be an ammunition dump of evidence against the imprisoned Noulens and his consort. There were pages and pages of highly sensational testimony which claimed to rip aside the curtain of secrecy from the Third Internationale's organized attempt to take over South China through remote control from Moscow itself.

Revelations began *sotto voce* and ended with a bang. It was made public that, contrary to their contention, the Noulens were neither Swiss nor Belgian, and that no power recognized by the Republic of China had claimed them as nationals. Other so-called evidence, given the widest and fullest publicity in all publications enjoying the subsidy or patronage of the Chinese Government during the first days of September, 1931, included the following disclosures:

Noulens had in his possession two forged passports, one issued by the Canadian Government to a man named "Donat Boulanger" and another issued by Belgium to "Samuel Herssons." In addition, documents proved that the prisoners had used a long string of aliases, including the names Ruegg, Boulanger, Bergemann, Vandercruyssen, Motte, Ruck, Briggs, Allison, Bouret, Julien, Herbet, and Herssons. The accused had five addresses, four telegraphic addresses, and eight post office boxes during their residence in Shanghai. They had about $16,000 gold in various Chinese banks and other large sums in foreign banks, with the accounts in different names.

Many of the 211 documents and 1,081 books and papers in English, French, German and Japanese, all confiscated in the home or offices of the accused, showed that the Noulens, as operators of the Shanghai headquarters for the Pan-Pacific Secretariat and Third Internationale, had conducted wholesale subversive activities throughout the Orient.

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One document, described as a list of instructions from Noulens to his agents, read:

"The work of the Red Army is to exterminate the Kuomintang (government) troops—to cause them to surrender and give up their arms. This work cannot be fulfilled unless our party cooperates with the revolutionary organizations in white China.

"We must at once change our technique in relation to the above work. We have to organize the various Parties and Youth Organizations not only for activities among the peasants and laborers but also among the Kuomintang troops with a view to securing the disintegration and political surrender of the Kuomintang Army."

The following methods of bringing about the collapse of the Chinese Government were outlined in the instructions:

"1. Dispatch trained Communists to work among the troops from within.

"2. Incite troops at the front to mutiny.

"3. Publish a Red weekly for distribution among the soldiers.

"4. Send Communists to join the Aviation Department of the Army.

"5. Dispatch Communists to become recruits of General Chiang Kai-shek's garrison forces in Nanking.

"6. Assign Communists to work in Shanghai Arsenal.

"7. Work out plan for systematic destruction of railways, bridges, and telephone lines, if necessary.

"8. Intensify organization of Communist cells among troops in Honan."

Another document quoting detailed instructions to Communists engaged in military infiltration read:

"1. For work in the army, women should be used.

"2. All seduction work must be kept secret.

"3. We must send special comrades to work among the troops and Marines of the Imperialistic Powers."

Many of the confiscated documents dealt with the shipment of arms, including machine guns and artillery, to various points. A typical letter, written in German, asked that shipments be made at once to four towns in Anhwei Province, where 3,000 rifles were required. Progress was indicated in the following documentary quotation:

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"As soon as the Red Army of China receives additional arms and ammunition its organization should be enlarged . . . The ZK (?) should instruct the armed comrades on the borders of Honan, Anhwei and Hupeh to organize a Revolutionary Military Council to assume command of the Red forces in those provinces —namely, the First Divisional Corps, the Independent Division, the Ninth Divisional Corps and the Red Peasant and Labor Guards."

Other documents included reports sent to headquarters by Red agents placed in various factories and farm communities throughout South China. More than half of them reported funds running low and asked for more money. One note, from a Red organizer in a Hankow cloth factory, reported that women workers flocked to his meetings as long as he followed the practice of paying $1 each to all those who attended, but as soon as he discontinued paying his audience attendance dwindled to nothing. (It seems that in China there are rice Communists as well as rice Christians.)

A reason for the unprecedented widespread publicity given to this mass of what was called damning evidence soon was made clear. It was one more significant step toward the creation of an international affair.

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Only a few days after this sensational information became public, Noulens, Mrs. Noulens, and the Chinese secretary were handed over to the Garrison Commander of Shanghai and Woosung for a military trial. Since they were spies and aides of a hostile army, the Chinese Ministry of Justice held that they were liable to summary trial for offenses against the safety of the Republic. Meanwhile the Noulens, whose heads appeared about to be lopped off, were protesting that because he was Swiss and she, Belgian, no Chinese court had any jurisdiction whatever over them.

The delivery of prisoners to the dank room of a military prison marked the actual beginning of the development of the Noulens case, along Mooney lines. With her band of battling liberals around her Mme. Sun Yat-sen crystallized the fight for the freedom of the Noulens through various meetings at her tranquil home at 29 Rue Moliere, in Shanghai's French Concession. Respected for her fiery idealism, although she and her friends were frowned upon as Communists by the so-called Soong dynasty in power at Nanking, the delicate little widow managed to mobilize a formidable group for the Noulens crusade. The group included non-political figures such as Lo Hsun, perhaps China's most famous modern novelist, and Miss Hsieh Ping Yin, the Chinese Amazon. A famous diplomat, Dr. Wellington Koo, also registered disapproval of his Government's action by joining Mme. Sun's group.

A situation of fantastic paradox peculiar to China, and possible only in China, developed. It is worth analysis because it reveals how the "wheels within wheels" of China revolve to make confusion eternally worse confounded.

The old business of saving face, which is the only real racial religion of the Chinese, was responsible for the situation—as is usually the case with weird situations in China. If it had not been for face saving the heads of the Noulens would have been lopped off instanter, since the Government actually held them to be spies in time of war.

But the Government didn't say exactly that. Because if that fact had been plainly stated, the Nanking authorities would have lost face. They would have been forced to abandon the fiction of a united China. They would have been forced to admit the fact that today, within the borders of China, the second largest Soviet Government in the world controls and administers an area larger than France. This Bolshevist country includes Kiangsi and parts of Hupeh and Anhwei provinces. Its borders are fortified, its troops guard the frontiers, its cities are governed as efficiently as other cities in China, and it has its own capital, with its Red Directorate more firmly intrenched than the Russian Soviet was in its early days. Today this government goes on, battles are fought between its armies and the armies of Nanking—they are two separate countries, in actuality. But, because of lack of communications in China, our world knows nothing about these goings on.

Because Nanking, fighting the Japanese contention that China had no unified Government, failed to treat the Noulens as spies of an enemy country in wartime, the Noulens were permitted to enlist the sympathies of Chinese people.

The paradoxic situation involved many more complications. One, for example, was that the Kuomintang Government is avowedly anti-imperialistic in the extreme. But the Government worked in close cooperation with the British Empire, taking a course it is constitutionally committed to combat at all times.

The Noulens and their supporters, including Mme. Sun, contributed their share to the confusion. Chinese Communists and liberals all denounce and decry extraterritoriality. Abolition of a condition which permits foreign nationals to be exempt from control of Chinese courts is a primary goal of radical and liberal Chinese. Yet, in order to win the freedom of the Noulens, their defense sought to have the prisoners proved Swiss and Belgian, thus giving them the right of extraterritoriality! The Noulens sought to save their skins by a device they themselves consider an illegal abuse.

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Because of the muddle, and because those working for the Noulens worked quietly instead of arousing the organized liberals of the world at this time, the prisoners' case progressed favorably for them. In December, 1931, the Military Administration at Shanghai decided that the offenses charged took place within an area not under martial law, and that therefore the military had no jurisdiction. The prisoners were shunted back to the jail at Soochow, under supervision of the High Court of Kiangsu.

Meanwhile war unexpectedly came to the aid of the Noulens. It was the Shanghai Sino-Japanese conflict, a real war

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and not a Floyd Gibbons war, despite the opinion of many Americans that it was merely the latter sort of opera bouffe fracas. British and American reactionaries, who had been telling me that the Noulens should be shot at once, no longer mentioned the case at the vaunted "longest-bar-in-the-world" of the Shanghai Club. They were too worried about having themselves, and their businesses, swept into the Pacific Ocean during the celestial slaughter. The Chinese Government, bedeviled on all sides, forgot about the Noulens too.

Although busy sixteen hours a day at the actual business of bandaging the wounded of the Canton Nineteenth Route Army at Shanghai hospitals, Mme. Sun was working for the Noulens at odd moments. Quietly, pressure was exerted here and there, and wise application of influence seemed to make progress against the worried Chinese Government's weakened front. Renewed efforts were made for a change of venue to mixed Chinese-European tribunals at Shanghai, and it appeared for a time as if these efforts might be successful. By June the Noulens had been in various Chinese prisons for a year without trial. Some thought then that the Central Government would agree to be content with their deportation.

But by this time the world's liberals had been organized into the "Paul and Gertrude Ruegg International Defense Committee," with its Floyd Dells, Einsteins, and Dreisers. The liberals were ready for another fight. Therefore there must be a fight. The Chinese Government was bombarded with cables daily. The Chinese Ministry of Justice, having almost forgotten the Noulens, reinvestigated. The Noulens hearing of this went on an eleven-day hunger strike and had to be taken to the Drum Tower Hospital, a missionary institution at Nanking, for treatment to save their lives. This only stiffened the Chinese Government.

To cap all this, the "Provisional Soviet Government of the Republic of China" blandly broadcast from its powerful radio at the Soviet capital, Juichin, Kiangsi, an offer to "free all missionaries held captive by our Government's troops," if the Noulens were released from "the White Terror of Nanking." This gave the show away. The Chinese Government was infuriated.

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Allowing his violent opposition to the proposal to give the Noulens a change of venue to become known, Minister of Justice Lo Wen-kan tendered his resignation to the Chinese Government. Several days later he withdrew his resignation significantly, and a few hours after that the Government, through the High Court of Kiangsu, denied the prisoners' petition for a change of venue.

The Noulens went to trial at Nanking late in July. They were refused the right to have foreign counsel. British secret service agents served as the court's supposedly unprejudiced handwriting experts and interpreters. The woman, who speaks only French, was handicapped. Both sat militantly, silent, refusing to answer questions because they said the court had no jurisdiction.

At the start of the trial the Chinese Bar Association and many influential Chinese supported a final request that the case be transferred to Shanghai. The association joined with the world's liberals in bombarding the Chinese Government with protests against the way the case had been handled from the first.

All this only seemed to stiffen the Government. During the trial, the Kiangsu Court refused the prisoners the right to examine the books and papers said to have been seized in their offices. At one point when the prisoners demanded the right to examine bank books they were forcibly ejected from the courtroom. Some of the documents which were copied and widely reprinted as evidence were not even produced in the courtroom.

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As soon as the Noulens were found guilty, even Chinese-owned publications such as *The China Weekly Review,* and some pro-Kuomintang organs, found much to criticize in the conduct of the trial.

A few Chinese Government officials expressed the belief that the prisoners should have been deported instead of sentenced to prison for life. Journalists of such standing as Hallett Abend, the distinguished correspondent of the *New York Times,* and T. O. Thackrey, editor of the *Shanghai Post and Mercury,* joined the committee working for the prisoners' freedom. But above all rose the clamor of the world's liberals and crusaders, including the League for Political Prisoners and kindred organizations. This clamor continues to rise high. It continues to offend the conservative government. And the parallel with the Mooney case grows more distinct.

Tom Mooney and Warren Billings are serving life sentences in San Quentin Penitentiary, California, following their conviction on charges of perpetrating the San Francisco Preparedness Day bombing outrage of July 26, 1916. They are still in prison, although the trial judge, the jury, the arresting officers, and even the prosecutor have expressed doubt as to their guilt. Then why are they in jail? They remain in jail because the clamor against their imprisonment raised by the American Civil Liberties' Union, groups headed by various "Sherwood Andersons," and endless outcry against the stiff-necked people and courts of California have obscured justice behind a cause. Years of controversy have obscured almost all the facts so successfully that nobody bothers about whether Mooney was guilty or innocent on good legal evidence. California is simply resolved not to free him and United Clamor is resolved to keep on clamoring.

At this writing it seems that the friends of the Noulens couple are determined to make the case another Mooney case through enlisting chronic liberal crusaders in behalf of the pair.

If these friends persist in their present course of determined "helpfulness" it is more than likely that the Noulens will remain in prison as long as Tom Mooney has. The surest way in the world of not getting justice is to enlist the chronic crusaders for justice to cry in chorus in your behalf. At least the Mooney case, the Sacco-Vanzetti case, and now the Noulens case appear to be fair proof of this regrettable truth.

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The Wealth of India

By Vithaldas K. Bhuta

"I REGARD THE Indian emergency budget as the death dance, in which not only the party who is dancing expires, but there is a recklessness as to who else would be hit."

In these slashing words, the recent tax burdens levied by the Indian Government were condemned by Mr. Manu Subedar, an ex-Professor of Economics at the Government College at Calcutta, and a member of the Indian Government Banking Enquiry Committee.

He stated that it was not for him as an economist to prognosticate either agrarian riots or increased activity in anarchical crimes, or growth of communism, but he would be failing in his duty if he did not utter a warning that Government measures in general, and the emergency budget in particular, were calculated to strengthen the forces which Government wanted to keep under control.

Time was, when India was known as "The Golden Ind," when the poet Milton sang in "Paradise Lost:" "The wealth of Araby and of Ind." But now, the same India is the poorest agricultural country in the world, with millions of her people passing all the year round in half-nakedness and semi-starvation.

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Why this staggering change in India's condition?

By an all-round depression in the world markets, by the ever increasing taxation burdens on the people, and by the ruinous exchange policy of depriving the ryots of 12½% of the hard-earned value of their produce, there has been an abnormal economic distress in all parts of rural India, and if the conditions do not improve, the ryots, it is feared, would not be able to pay any land revenue to the Government next year. The depleted quantity of gold in the Currency Reserves of India, and the failure of the last year's sterling loan of £.10,-000,000 for India in the London Money Market, has led the British Premier to make the statement of aiding India financially, if necessary.

British drain of India's wealth has been complained of by Indians for the last two generations; but the British people are purposely kept ignorant of it. Notwithstanding that India's peasantry is now the poorest and the most indebted in the world, the Government is comparatively the most costly in the world, when the miserable condition of the Indian masses is taken into consideration.

India has been forced to pile up heavy military armaments, when there was absolute peace in the whole world: her people have been "twice" burdened last year, with heavy additional taxation—in March with Rs. 145,000,000 of new taxes, and in October with an "Emergency Budget" levying Rs. 150,000,000 of further taxation!

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Mahatma Gandhi declared at the Independent Labour Party luncheon, on his birthday on October 2nd, 1931:

"I have no liberty to diminish anything from the Congress mandate, but the more I stay here, the more I feel the task to be superhuman. There is so much ignorance regarding India. India did not want to spill her rulers' blood in the pursuit of her freedom, but she would not hesitate to spill whole Gangesful of her own blood in order to vindicate her claim for the freedom so long delayed."

The well-known Indian financier, Sir Purnshotttamdas Jhakordas, said, in an interview: "Of all the countries in the world, India only was forced to put its currency on a higher exchange rate—after the War—than the normal pre-war rate. All the nations, who could get back to their pre-war ratio, after the War, thought themselves lucky. France, Belgium and Italy stabilized their currencies at a lower rate than the pre-war one. These latter countries got back the revival of their industries without much trouble.

"Figures of unemployment are very low in the countries which accepted a lower exchange rate. In France, between the middle of August, 1929 and the end of 1930, the unemployment figures increased from 9,000 to 12,000 only; in Italy from 193,000 to 446,000; in Belgium from 8,000 to 55,000, a mere flea-bite, in these hard times. But in England, which got back to its pre-war ratio, unemployment figures jumped from 1,164,000 to 2,380,000 at the end of 1930—and are mounting still higher. This should warn us of the dangers of a higher exchange ratio or "plus-valuation" imposed upon India.

"Trade of India has been paralysed; especially the export trade has been ruined, since the Government propped up the rupee exchange ratio by artificial means, by the contraction of currency, by the sale of Reverse Council Bills, by keeping up high interest rates in India, and by borrowing immense amounts of treasury bills, which pile up heavy interest burdens on the poor ryots (farmers) of India.

"The export trade of India, in 1925-26 (the year when Government artificially manipulated the ratio in order to present the Currency Commission with a *fait accompli* of 1s. 6d. ratio) was Rs. 3,853.3 millions, and in 12 months, till March 31, 1932, it dropped to Rs. 1606.8 millions."

Would Britain quit her financial control of India? That is the crux of real Indian autonomy.

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By ruining the export trade, by crushing burdens of taxation and by crippling the buying power of the Indian producers, who are made to lose 12½% of the value of their produce over and above the world slump in prices, on account of the new higher exchange ratio — the Government have done an injury (of course unintentional) also to the import trade of India. If India be prosperous, she can buy more goods from the world markets, and from Britain especially, because half the Indian imports generally come from Britain. The buying power of Indian masses, when abnormally reduced, not only by the world trade depression, but by the fixing of an abnormal ratio, severely hits the British export houses to India, while the Indian people have to suffer the disastrous consequences of the Government's policy of stabilizing higher exchange, in spite of almost universal protests from the people.

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Athletes and a Presidential Campaign

By H. I. Phillips

"YES, SIR," said Gus Q. Citizen, "I enjoyed the 1932 presidential campaign as I never enjoyed any political campaign within my experience! It was not only diverting but highly educational. I attended many of the rallies and listened to the radio talks by representatives of all parties. I regretted the failure of Firpo, Bull Montana, Babe Ruth, Jack Dempsey, Thorpe and Ducky Pond to point out the various crises confronting the American people, and I couldn't quite understand why no six day bicycle racers were used to acquaint the public with the perils of the economic situation, but the athletes I heard were very good."

"You consider that the facts in the problems vitally affecting the people were adequately presented?" asked the Inquiring Reporter.

"Perfectly," said Mr. Citizen with enthusiasm. "The ablest retired prize fighters and former football stars in the country were called on by the campaign managers in their determination to see that the issues were handled by speakers who understood them and had the confidence of the public. In fact, personally, I couldn't have heard any more illuminating presentation of the issues involved if the two great parties had used Eleanor Holm, Benny Leonard, Glenna Collett, Hack Wilson, Billy Petrolle, Reggie McNamara or Art Shires."

"Was your mind satisfied on the complicated features of the tariff?" he was asked.

"Positively! Gene Tunney set me right on the tariff. You know few people have appreciated Tunney as a tariff authority. In fact a lot of experts rather thought that the tariff was Gene's weak point. When I attended my first Tunney rally up in Connecticut, I was disposed to believe that the Marine was not very fast on Schedule A of the Hawley-Smoot bill. In fact I had heard that he hadn't even trained for it! But, say, he was in the pink. He hadn't been in action five minutes before he dazzled me with the smoothness of his footwork on the subject. What timing! And when he finished he wasn't drawing a deep breath!"

"Some folks have said that Gene lacked the killer instinct," suggested the I. R.

"Nonsense! I heard that too, but the way Gene went into the question of duties on imports was a revelation. The minute he realized that he had his audience in trouble, he redoubled his efforts and fairly murdered them."

"But, as I was saying," he resumed, "the election of 1932 will go down as one of the greatest of all times. There have been interesting campaigns in the past. Woodrow Wilson's was pretty interesting, but it lacked glamour. And Harding made a great fight but he totally overlooked the value of big football stars in his drive for the Presidency."

"Take my case, I was a little at sea on the debt moratorium until I chanced into a rally and heard Albie Booth, as swift an orator through a broken field with a catch phrase as American politics has ever seen. And I wasn't at all certain of what I thought about the bonus until I went to a meeting which was brought to its feet, as one man, when Red Cagle, glimpsing an opening with an eagle eye, broke through the pack and tore down the field with one of the most sensational arguments I ever saw. He eluded tackle after tackle, with practically no protection from his own interference and crashed across the goal line with an explanation of both issues that was startling in its crystal clearness. I doubt if there ever has been a more elusive man when it comes to skirting the wings of the tariff issue with a ringing message to the voters of this great country."

"You approve of the use of athletes in campaigns for the presidency, I take it?" asked the Inquiring Reporter.

"I can't see why it wasn't done before," replied Gus Q. Citizen. "Looking back on the days of Bryan, I can't help but feel that there might have been another story if the Peerless Leader had had some good heavyweights like Philadelphia Jack O'Brien or Tom Sharkey to maul the opposition. And who knows but what Hughes might have won if he had had a few powerful backs like Shevlin and Hogan to smash through the line and crumple everything before them?"

"I look for the campaign of 1936 to be even more colorful than this one. I believe that in another four years you will see swimming champions, golf stars, wrestlers, steer throwers, javelin hurlers, hockey players, tennis notables, polo players and jockeys stumping the country for the rival candidates."

"Jockeys?" repeated the I. R.

"Yes, and their mounts!" insisted Mr. Citizen. "Both parties missed a great chance to get popular attention this year when they failed to get Hank Mills and Twenty Grand or Equipoise. Can you imagine what Equipoise would do to a rally?"

"No."

"He would pack 'em in as no orator could do. Picture a great Madison Square Garden with Calvin Coolidge, Equipoise, Ogden Mills, Max Schmelling and Kerry Patch playing against a rival rally at which the attractions were Jim Farley, Twenty Grand, Earl Sande, Kewpie Black, the 1932 Yale varsity crew and Gar Wood! Why there wouldn't be standing room at either rally!"

"It would liven up the campaign, I'll admit."

"Lemme make a prediction," said Mr. Citizen.

"Who's stopping you?"

If the tendency isn't checked, the time will come when the Republican campaign will be conducted by somebody like the late Tex Rickard and the campaign manager of the Democratic party will be Jack Curley, Steve Hannigan, C. C. Pyle or the Ringling Brothers. And why not?"

"And why not?" repeated the Inquiring Reporter.

And, indeed, why not?

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Economic World War Reports

Compiled By Edward H. Collins

The American Front

If it may be said with a fair degree of assurance that the deflation of credit in this country came to an end some time between February 27, when the Glass-Steagall bill became law, and June 15, when the European "run" on American gold was terminated, then it may be added, with equal conviction, that business deflation probably was completed late this summer. The business records for August suggested that this might be the case; the September figures corroborated that testimony; and statistics of more recent weeks confirm it even more abundantly.

Between its low of mid-summer and the middle of October, steel ingot production increased 50 per cent; car loadings, over approximately the same period rose 23 per cent; and electric power production expanded approximately 16 per cent. Granted, the recovery has been uneven, and has been confined largely to the light industries, particularly to the textile industry. Furthermore, as compared with normal, actual production figures are still fantastically low. These facts, however, are less important than is the fact that the trend has been upward—that this is the first Fall in four years that has witnessed a two months consecutive upturn in the standard production and distribution indices.

The least encouraging aspect of the situation at the current writing is to be found in Government finance. Although it was freely admitted by advocates of a balanced budget that they had achieved no more than a "paper" victory in the passage of the supplementary revenue bill last summer, few, among the more pessimistic, had expected that, as is the case, the end of the first quarter of the new fiscal year would reveal a deficit of $400,000,000.

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The Orient

Japan may have better luck in redressing an unfavorable trade balance through "letting its exchange go" than has the United Kingdom, which departed from the gold standard two months earlier, and whose trade balance has shown little improvement as a result. Up to the end of August, Japan showed an adverse balance of y. 190,000,000, ($95,000,000 at par), but this is currently being reduced at the rate of y. 42,000,000 monthly, raising the possibility that the country would have a favorable balance at the end of the year. As in the case of England, moreover, suspension of gold has not been followed by the inflation that is usually identified with such experiments. At the beginning of September, as a matter of fact, currency circulation was under y. 1,000,000,000, against y. 1,111,000,000 in February. Some idea of the strain of the Manchurian campaign on Japanese funds is shown in the Government's budget. Japan's total budget in a normal year is y. 1,300,000,000. For this fiscal year it is y. 1,960,000,000, with y. 694,000,000 in new bonds to be issued to make it balance. As items for economic relief total only y. 163,000,000, half a billion yen would seem to be a conservative estimate of the cost of Manchuria and the Shanghai expedition.

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Italian Front

The story of international trade this year must be largely an account of tariff maneuvers by various countries. Thus Italy has become involved in a tariff controversy with Germany, Premier Mussolini ordering Italian banks not to allot foreign exchange to importers of German goods. This move is in retaliation against the decision of the German government to supplant tariffs with quotas in the case of agrarian goods. Mussolini has taken a drastic step to protect Italy's foreign trade position, and it is possible that his ban on payments for German goods will set a precedent for other nations wishing to strike back at quota systems, the most effective barrier against international trade, short of a complete embargo, that has yet been devised. But while Signor Mussolini offers himself, in one role, as a defender of foreign trade, he appears, in another, as an enemy of international commercial dealings. Under the Premier's urging, Italian farmers have greatly increased their wheat output, and this year the Italian crop is the largest in the country's history, amounting to 276,000,000 bushels. There is no shortage of wheat in the world, and so Italy, by increasing her production, is serving to aggravate the glut, to the disadvantage of countries whose economy is more largely dependent on wheat.

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French Front

France's attempts to retaliate against foreign tariffs affecting her trade by imposing fresh barriers of her own have been relaxed somewhat recently as the government has devoted its attention more closely to the domestic situation. The economic pinch in France is being felt more keenly by private and governmental interests alike. In the last year French unemployment has risen 416 per cent, while tax payments are considerably below budgetary estimates. The government's deficit is variously estimated at from $200,000,000 to $391,750,000. The potential deficit has been substantially reduced by the successful carrying out of the conversion operation involving about $3,400,000,000 of obligations, or more than a fourth of the entire internal debt. Only about 2 per cent of the holders demanded cash. But even after the conversion economies, France has a refractory budget to deal with, and already resistance is developing to the institution of economies. The trade position of the country is becoming more adverse.

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The Canadian Front

The tariff changes provided for in the treaties negotiated by Canada at the Empire Conference went into effect at midnight, October 12. It was disclosed that the treaties with the United Kingdom cover several hundred commodities. Canada obtains a preference of 6 cents a bushel on wheat and similar advantages on other farm products; also, concessions on certain non-agricultural products. In return, the Dominion will admit free of duty 79 kinds of British manufactures hitherto taxed; will reduce tariffs on another 53; and will favor England in the case of 83 others by increasing the rates on comparable goods imported from other countries. To implement the agreement, the British Parliament must pass necessary legislation by November 15, but despite vigorous free trade opposition no serious difficulty is expected. Estimates of the effects on American trade with Canada and the United Kingdom, incomparably our two best customers, differ. Semi-official guesses from Washington place the loss in our Canadian trade at $75,000,000 in a "normal year." The British preference in favor of Canadian wheat is, at the moment, academic, as the higher wheat prices prevailing here effectively cut us off from the world market anyway.

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Latin American Sector

The rebellion in the great Brazilian coffee State of Sao Paulo has collapsed, but, although the fighting has ceased, the financial and economic repercussions of this serious conflict will be felt for a long time. In anticipation of a resumption of normal coffee shipments from the Port of Santos, now no longer blockaded, coffee prices in the world markets fell sharply. Attempting to buttress the quotations, the Brazilian Government has intimated that it would ration coffee shipments sharply, but the success of this latest effort to control the prices of a major commodity is even more dubious than past efforts in this direction, both because the output of competing countries, like Colombia, has been winning increasing favor in the consuming countries, and because Brazil, exhausted financially by internal strife, is in desperate need of funds which only coffee shipments can produce.

English Front

England's contribution to the tide of rising tariff walls and trade preferences is the agreements reached at Ottawa, which have had as their sequel the resignation of Lord Snowden and Sir Herbert Samuel and their Liberal colleagues from the National Cabinet. Lord Snowden gave as his main reason for withdrawing the fact that the government had broken its pledge and was using its power to impose a party program. Thus does England pursue the illogical policy of maintaining a heavily depreciated pound to aid the country's world trade position and of erecting trade barriers to achieve greater nationalization of the home market. The first anniversary of the abandonment of gold has passed, to the accompaniment of observations by the English press that the severance from gold has wrought little basic improvement in the nation's trade condition, with unemployment at a record high figure of just under 3,000,000. The Conservative party conference, however, has adopted, with only one dissenting vote, a resolution opposing any early return to gold. The strike of 160,000 Lancashire cotton mill operatives has come to an end. While the ending of the strike will have no effect on world consumption of cotton, it is essential to England that the textile industry get going again if markets are not to be lost to other nations.

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Middle European Zone

The financial news from Central Europe continues to revolve chiefly around debt defaults. Jugoslavia joined the ranks of defaulters on October 14 by giving notice to France that the instalment due at this time on the 1911 loan would not be forthcoming, and it appears that service due American bondholders in December may not be paid. At the same time Rumania indicated that she would find it impossible to keep up sinking fund payments on her external debt. Conditions in Austria seem to be more unfavorable than was supposed at the time the 300,000,000 schilling ($52,000,000) was being negotiated a few months, for now it is likely that even if the funds promised Austria are raised she will not be able to resume service on her foreign obligations.

German Front

The realism of Chancellor von Papen's program of financial recovery for the Reich is coming more and more into question. Abandoning Bruening's policies of a forthright attack on the budget, von Papen has espoused a program of aiding industry by tax remissions and aiding the agriculturist Junkers by the imposition of import quotas. The extent of the gamble undertaken in subsidizing industry is revealed by the budget figures, which point to a deficit of 2,000,000,000 marks this year. It is, critics of the Government declare, a peculiarly unfortunate time to make concessions in taxes to any group. As for the import quotas, the assertion is being freely made that if they are adhered to it will mean the early ruin of Germany's export trade and the country's economic isolation. The von Papen policy is a reversal of that pursued by all other governments in the Reich since the war, which has unswervingly called for the stimulation of exports. In view of the exchange shortage in Germany, this question is now especially important. The latest figures show a continuing decline in the favorable balance of visible trade, and it is now a question whether the Reich will realize sufficient exchange this year to meet its debt service.

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Australian Front

Australia successfully converted £12,360,000 5¾ per cent New South Wales bonds on October 4 when it floated a new issue of that amount of Commonwealth 3½ per cent five-year obligations in the London market. The operation will save about £500,000 annually. According to Prime Minister J. A. Lyons, it shows "that the sincerity of Australia's efforts to balance her budget is recognized abroad." British financial observers, however, look at it somewhat differently. "The overbidding for the Australian issue," one commentator finds, "was not a measure of the British investors' rating of Australian credit, but reflected first, the glut of resources, and, second, the desire of banks to deplete their recently depleted proportion of short-term assets." Be this as it may, the finances of New South Wales, after a difficult period under the prodigal Premier J. T. Lang, now deposed, have apparently turned the corner.

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Illegal War!

By Theodore Bernstein

The Lytton report on the Sino-Japanese conflict indicates that we have entered a new era of warfare. Theodore Bernstein, of the "New York Times" reports on wars now in progress which have never been declared.

NATIONS, TOO, HAVE THEIR PRIVATE HABITS. Like individuals, they are jealous of their liberties and restive under restraint. One of their habits is war, and no one who is aware of the orgy in which they indulged between 1914 and 1918, and of the horrible hangover which has gripped them since, and grips them now more than ever, can doubt that they are at times given to gross intemperance.

This is a period of prohibition of war. First came the Covenant of the League of Nations which aimed at penalizing a nation resorting to war. Then came the Briand-Kellogg Pact renouncing war as an instrument of national policy. This is the Eighteenth Amendment of the international community, and it has brought with it its own species of bootlegging, its own type of racketeer and its own difficulties of enforcement.

Formerly nations that felt impelled to go off on a spree of slaughter had an orthodox way of doing it. There would be an "incident"—a missionary would be slain, a flag would be torn down, or a minor diplomatic official would be insulted—then there would be an exchange of notes, a severing of diplomatic relations, perhaps an ultimatum, and, then in a matter of weeks, or even days, a formal declaration of war. The Maine was blown up on February 15, 1898, and on April 24 the hostilities became official. Archduke Franz Ferdinand and his wife were murdered on June 28, 1914, and exactly one month later Austria-Hungary declared war and the shelling of Belgrade was on.

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That was before the prohibition of war.

In mid-September last year Japan began her march through Manchuria. Her military machine drove Governor Chang Hsiao-liang from his capital. No declaration of war. Her army came to grips with that of General Ma Chen-shan, her airplanes dropped destruction on the city of Chinchow. No declaration of war. In January of this year her naval forces began to storm Shanghai, her marines and soldiers conducted a sweeping offensive, her aviators bombed and virtually obliterated the Chapei section of the city. Still no declaration of war. Even now, as the Lytton investigating commission pointed out, "the relations between China and Japan are those of war in disguise, and the future is full of anxiety."

Bolivia badly needs an outlet to the sea. Practically her only hope is for a port on the Paraguay River, which of necessity must lie on the border of the region of the Gran Chaco, an area to which Paraguay, too, asserts claims. The dispute is historic. When the negotiations conducted by a committee of neutrals in Washington broke down, it was a signal for sword rattling on both sides. Soon the swords were drawn. Forts in the Chaco, many of them garrisoned barns and outhouses, were captured and recaptured. No declaration of war. Other forts were seized in reprisal, Bolivian guns began a bombardment, and accusations and recriminations were flung back and forth. No declaration of war. Thousands and thousands of men were hurled into a struggle for possession of Boqueron, a post of strategic value in the remote Chaco wilderness. Still no declaration of war. Women sought to enlist; Paraguayan children asked permission to form a regiment; fiery speeches were made in both countries; and troop trains trundled to the front. But there was no declaration of war.

These are the bootleg wars of today. They are fought, but they are not *declared*—partly because they are against the law, and partly because an extra squeamishness has been introduced into international affairs over being an aggressor. But wars go on just the same. No nation in history ever admitted it was an aggressor, but formerly a country did not worry greatly over what the facts said if they spoke for themselves.

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Prohibition of war has changed that. The League Covenant provides drastic action to be taken against a nation which resorts to force without complying with the elaborate formalities laid down, and the Pact of Paris makes a criminal blackguard of a nation which wages war. Obviously these statutes do not contemplate that a country which is a victim of violence must take it lying down and calmly submit to being ravaged pending a judicial settlement of its case. Indeed, Secretary Stimson said in New York on August 8: "As it stands, the only limitation to the broad covenant against war (the Briand-Kellogg Pact) is the right of self-defense. This right is so inherent and universal that it was deemed unnecessary even to insert it expressly in the treaty."

Hence, an attacked nation sometimes has cause to fight. In the manual of diplomatic strategy, therefore, the chief maxim has become: "The strongest offense is an aggrieved defense."

This is where the diplomatic racketeers come in. By suave and skilled words they must erect a cover for the bootlegging operations. More than ever their function is to put their governments in a good, i.e., false, light abroad. Every nation must at all costs be made out to be a defender. And if the diplomatic racketeers cannot deceive the law enforcers they must buy protection, not with money, but with trade.

"A nation which sought to mask imperialistic policy under the guise of the defense of its nationals," Mr. Stimson continued, "would soon be unmasked. It could not long hope to confuse or mislead public opinion on

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a subject so well understood or in a world in which facts can be so easily ascertained and appraised as they can be under the journalistic conditions of today."

So the theory runs. Public opinion is supposed to be the potent deterrent. Yet Japan clings to Manchuria with a bulldog grip.

It is true that public opinion should be of great value in fixing the blame in any international clash of arms; that is, in fixing the blame officially. But is it? Has there been a single instance since the League Covenant was promulgated in which a nation was branded an aggressor? There are reasons why it is difficult to obtain a conviction in the court at Geneva.

First, because the diplomatic racketeers have become so adept at disguising an aggression.

Second, because there is an inevitable, sneaking suspicion that the elaborate penalties provided may fail, either because of poor execution or because of half-hearted participation, and that thus the peace organization of the world will be robbed of its trump card.

Third, because of the fear of engendering a catastrophic conflict; the argument is the same as that advanced against our invoking a boycott against Japan.

Fourth, because the nations appreciate the gravity of outlawing millions of people by excommunicating a whole nation from the world hierarchy.

And fifth, because ties of commerce or sentiment make nations reluctant to act drastically against good customers or good friends; this explains the hesitation of France and, to some extent, of Great Britain, in participating in the exhortations addressed to Tokio in the earlier days of the Manchurian affair. A real cop never passes up gravy.

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As no clear-cut verdict has been returned on Japan, it is extremely unlikely that any will ever be returned on any nation in the future, for it is futile to hope for sharper delineation of issues, especially with the gain to be expected in racketeer diplomacy.

The Lytton report, it is true, came close to a conviction in a few places, but nowhere did it mention the dreaded word "aggressor," nor did it offer the League so much as a phrase that would afford a basis for enforcement action.

Was the seizure of Mukden on the night of September 18-19 an act of aggression? Here is what the report said. "The military operations of the Japanese troops during this night cannot be regarded as measures of legitimate self-defense." But the report hastened to take the sting out of this by adding, "In saying this the commission does not exclude the hypothesis that the officers on the spot may have thought they were acting in self-defense."

The attack on Chinchow evoked a somewhat severer judgment: "The bombing of a civil administration by military forces cannot be justified. . . ."

"It is a fact," the commission conceded toward the end of the report, "that without a declaration of war a large area of what was indisputably Chinese territory has been forcibly seized and occupied by the armed forces of Japan, and has in consequence of this operation been separated from, and declared independent of, the rest of China."

Here the commission flirted with the idea of a definite conviction, but the most it would say was: "The steps by which this was accomplished are claimed by Japan to have been consistent with the obligations of the Covenant of the League of Nations, the Kellogg Pact and the Nine-Power Treaty of Washington, all of which were designed to prevent action of this kind."

Thus the report did not say flatly that Japan had violated any treaties; the supposition is possible that the fault lay in the way the treaties were "designed." In justice to the Lytton commission it should be said that the tone of the report indicates that the investigators were interested not so much in bringing in a conviction as in offering calm counsel that would tend toward a permanent liquidation of the Chino-Japanese differences. Yet the very reluctance of the commission to convict is significant as foreshadowing what may be expected in future cases of the sort.

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All of which operates to the advantage of an aggressor nation. If a country desperately wants to annex territory or provide itself with a much-needed port a bootleg war apparently will do the trick.

Perhaps the most promising solution to the problem of banishing war is the new "no spoils" doctrine advanced by the United States. Fifty nations joined with us during the Manchurian controversy in warning that no situation or territory gained by force would be recognized, and nineteen nations of the Western Hemisphere made a like declaration to the Chaco disputants. The consequences of this policy probably will not be fully realized until considerable time has elapsed. In the case of Manchuria, Japan apparently is sitting tight and waiting to see what results, if any, it will produce. In the case of the Chaco the policy did not act as an immediate deterrent, but may yet have its effect. One impressive precedent is all that is needed to make the new policy more potent than all the detailed safeguards of the League Covenant. Here lies the world's greatest hope.

While the "no spoils" doctrine is, on the face of it, merely a method of procedure springing from the Pact of Paris, it is, in essence, more than that; it is a manifesto that complements that pact, virtually a corollary treaty. And its possibilities of effectiveness are much greater than any system that depends on determining an aggressor. For of what avail is it for public opinion to ascertain when an aggression has been committed, if governments are laggard, vacillating and weak in dealing with the situation? What is called for is hard-boiled realism, swiftness and decisiveness, and that is too much to expect of any government. If enforcement is weak, nations with criminal designs are certain to take advantage of the situation, and each violation undermines the authority of the law. If the world is to depend on any such system, then surely an epoch of bootleg wars is upon us.

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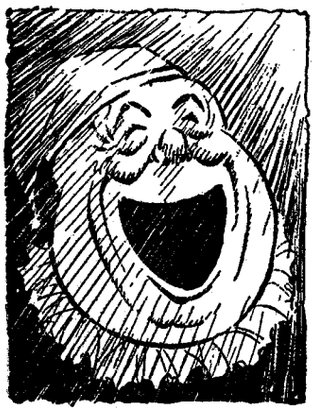

To See or Not to See

By Cy Caldwell

When Ladies Meet

(A comedy by Rachel Crothers) Produced by John Golden at the Royale Theatre

Miss Rachel Crothers has written a cheerful, entertaining and thoroughly satisfactory comedy in which the ladies who meet are the wife (Selena Royle) of the man (Herbert Rawlinson) who loves and is loved by the lady novelist (Frieda Inescourt) whose books he publishes. With the capable assistance of Walter Abel and Spring Byington these talented players twist the well and not always favorably known triangle into a variety of angles, thus providing a really delightful, refreshing and satisfying evening.

Incidentally, the horrible predicament in which the handsome husband finds himself as a result of his philandering, goes far to compensate us average homely males who sometimes have felt slightly inferior because in this fast age we never could interest more than one woman at a time—and her not for long.

Rendezvous

(A play by Barton MacLane presented in an unguarded moment by Arthur Hopkins at the Broadhurst Theatre)

This grievous tragedy—especially for Mr. Hopkins—was a sad affair indeed. When in the second act Miss Ruth Fallows groaned, "This place is getting more like a tomb every minute," a sufferer beside me muttered, "Correct!" and reached for his hat. His wisdom was even more apparent soon afterward, when the stage become infested with a whole herd of bullet-riddled corpses, among which, I am grieved to record, Mr. MacLane, chief performer and perpetrator, did not deposit his own. He saved himself for the death-house scene in the third act. I'm afraid they'll have to re-write the whole thing before it can be accepted at the storage warehouse.

Nona

(A play by Gladys Unger) Produced by Peggy Fears at the Avon Theatre

With the help of a lot of cussing and off-color allusions, the vivid, glamorous, alluring, dynamic and what have you? Lenore Ulric exercises all her powers and drags this doleful hackneyed farce through a snow drift and dumps it down on the floor of a railroad station in a deserted Colorado mountain village. The piece itself reminded me of a 1918 Ford, coughing and choking and trying to get started, with Miss Ulric pushing and panting for all she was worth. In the third act she almost got it going, with the help of a hick station master—Harlan Briggs. But at the drop of the curtain, there the creaky vehicle was, still stalled.

The Big Broadcast

(Paramount)

Swell entertainment for the listening herd who just adore Bing Crosby, Boswell Sisters, Kate Smith, Cab Calloway, Donald Notis, Mills Brothers, and other popular impediments of radio, including assorted announcers. Adult radio patrons are advised to stay at home and twirl the dials for a symphony orchestra.

Maedchen in Uniform

(German language picture directed by Leontine Sagan and supervised by Carl Froelich. Presented by John Krimsky and Gifford Cochran)

In the commonplace, weed choked garden of cinematic production, this picture blooms, a beautiful white rose. Here is distinguished style, fine photography, an assembling of details that make a perfect uniform whole, and an art in direction and in acting alike that goes beyond art and becomes life itself. These school girls in uniform, and their teachers, step from the screen and enter your understanding as believable human beings. And all this despite the fact that if you do not know German—and this reviewer unfortunately does not—you do not understand a word that is said. There are sub-titles in English, of course. But even without them the action, at all times so clear, so natural, would be plain to anyone. Here, in short, is a picture of such exquisite beauty and simplicity that it enters your mind, your heart, and becomes a valued memory.

Criminal at Large

A mystery play by Edgar Wallace. Directed and presented by Guthrie McClintic at the Belasco Theatre

As blood-curdling and unbelievable as any other shocker, and following the standard procedure of pinning the crime on the least-suspected member of the cast, as it does, this mystery thriller nevertheless achieves distinction by virtue of the excellent acting of Alexandra Carlisle in a superb characterization of a titled English lady, of Emlyn Williams as a young lord, and of William Harrigan as an Inspector of Scotland Yard. With the brilliant acting of these players, the remarkably fine direction of Guthrie McClintic, and the capable work of all other members of the cast, Criminal At Large steps out of the ruck of scream-pullers and stands out against Cleon Throckmorton's admirable settings as a distinguished representative of what a mystery play might be, and almost invariably isn't.

All the old hokum of the creep-drama is there in profusion: lights going out, gloved hands reaching out toward the sleeping girl, mysterious knocks, footsteps on the stairs, drugged drinks, and the comedy police sergeant. But in spite of all this, it is swell entertainment.

Tiger Shark

(First National)

Edward G. Robinson in a splendid portrayal of Portuguese Mike Mascarena, "the bes' dam' fisherman of the Pacific," in a picture that is believable, very interesting, and often exciting. The scenes aboard the fishing boat, especially those showing how the big tuna fish are caught and handled, are out of the ordinary run of cinematic fare. There is a salty tang to the whole production that is refreshing, and you never find yourself wondering which scenes were shot in a studio tank.

I did have a suspicion once that the tiger shark himself was merely a stuffed shark and that he was being towed or pushed into his big moments. But this base suspicion may have come from watching United States Senators and Congressmen being towed into various positions by manipulators behind the scenes. After all, why suspect all sharks?

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Madison Square Garden

(Paramount)

Here's a swell picture for the mugs who pay good money to see second rate prize-fights (have there been any other kind for years and years?) In this hard-fisted, punch-packed picture of life as it might be—but undoubtedly isn't—among the caliphs of sport, you learn that while there are a few crooks, distinctly on the outside of the fold, there are too, thank Heavens, old gorilla-managers with hearts of gold. One of them, played by William Collier, Sr., has such a stern, fatherly love for his two proteges, excellently presented by Jack Oakie and Warren Hymer, that he refuses a lifetime ambition to become match-maker for the Garden because he would have to give up managing them. But they, noble lads of the ring, walk out on him—their hearts simply bursting with affection—so he may accept his big chance.

All of which, played either in Madison Square Garden or in one-night stands by Corse Payton, is equally flapdoodlish. When it is added that old-time fighters of the ring—here glorified as Garden attendants—rush the hangout of the gyps and beat them up so the noble sport of modified murder may remain the pure thing it should be, you will harbor a suspicion that this film is aimed solely at gum-chewers, peanut-munchers, and pop-swiggers. Which is to say, at only about 85% of the citizenry.

Rain

(United Artists)

Somerset Maugham's and Jeanne Eagels' "Rain" turned off to a mere drizzle. The photography is excellent, the scenes are splendid, the acting of the minor players is adequate. But with the earnest uninspired labors of Joan Crawford and Walter Huston the exhibit presents the dull, plodding monotony of a stagger through mud. Probably the censors are to blame for the weakness and lack of coherence of those scenes which should explain the end of the Rev. Davidson—and don't. But even allowing for that, the picture's apologetic attitude to the clammy clergy of the reforming type—stressing that Davidson is a reformer, hardly a clergyman—so weakens the story that it might fairly be entitled, "Rain—With Profuse Apologies."

As the fanatic Davidson, Walter Huston is less the fanatic than the dull bore. As he staked through his tense scenes with all the animation of a hoe handle, the audience reaction instead of tenseness was titters. And as for miscast Miss Crawford, she was very obviously out without her rubbers, and the dramatic waters were well above her shoe-tops. Miss Crawford is not tough, and never is tough, no matter how she twists her mouth or makes her eyes pop out. It as as though one had said to a sleek, pretty, gentle little kitten, "Now kitten, in this picture you're a clawing, spitting, snarling leopard." And the kitten did its best, but remained a kitten.

Blonde Venus

(Paramount)

Marlene Dietrich takes mother love on a drab and dreary pub crawl. Good photography and some good scenes do not make up for an absolute absence of drama in a story that, with good direction, could have had its dramatic moments. The piece takes you from Germany to New York, to the South, to Paris, and back to New York. And for all the emotional movement it induces, you might just as well be sitting in the Jersey meadows.

Miss Dietrich, beautiful, seductive, wistfully appealing, with a low, husky, moving voice, yet walks through her part with all the warmth and quiet restraint of a poker leaning against the fireplace. There is certainly something wrong here; and the name of it seems to be Director Von Sternberg.

Cabin in the Cotton

(First National)

The serious and earnest Richard Barthelmess gravely presents his views upon economic injustice in the New South, and suggests that if the exploiters and the exploited could only get together for a good heart-to-heart talk that everything would be all right—allowing that the poor had the low-down on some of the rich, and knew how they had cheated their dead fathers. That is, indeed, a sound view as Judge Seabury demonstrated to Tammany Hall, when he was starring in that great detective mystery drama, The Hound of the Hofstadters.

As portrayed by Mr. Barthelmess, however, this really sincere attempt at social drama resembles so many of us in that it means well, but just doesn't make the grade. A wobbling romantic interest keeps getting in the way, with the sad result that the New South and its problems become a bit of a bore.

Mr. Robinson Crusoe

(United Artists)

Douglas Fairbanks, after perusing Dan Beard's Boy Scout Manual and Rube Goldberg's cartoons, leaps gaily into his second childhood, and with his tongue in his cheek goes na*ive on a South Sea Island. Landing there with nothing but a dog and unlimited energy and geniality, Mr. Fairbanks, starting from scratch with only his bare hands, makes himself a clam-shell axe, a sword-fish saw, and then goes on to whittle out a two-story house complete with beds, chairs, tables, running water, blankets, cooking and eating utensils by the dozen; traps and pitfalls for animals, a radio, and even an inclined railway apparently a mile long, and a huge catapult for casting his net on the waters. And all this, mind you, he does in two months, constructing his little paradise with the ease and only half the noise of a presidential candidate remaking America. If we can believe in one of these miracles, then surely we can believe in the other.

It is a restful, pleasing and beautiful production, four-fifths childish adventure story, one-fifth gentle satire. In my childhood I know I'd have loved it, but to-day's youngsters are probably too sophisticated to do more than remark, "So what?"

However, it is excellent entertainment for the mentally immature, very young children, and old Senators. Will someone please give Senator Hiram Bingham a nudge when it hits Connecticut?

The Phantom President

(Paramount)

Jimmy Durante comes into his own in this hilarious burlesque of the sad game of president manufacturing, and supplies most of the fun of a tip-top show. George M. Cohan admirably portrays the dual role of the dull presidential candidate and the medicine show man who has been hired to represent him before the public, for the candidate runs true to type and is not an especially charming fellow. As the medicine show doctor, doubling for the real candidate, Mr. Cohan accepts the nomination and prescribes a medicine of 13 herbs that will cure the country; in which he reminded me of the present contenders, the only difference being that they offer a greater number of herbs.

Undoubtedly this excellent burlesque hits nearer the truth than many voters in the audience realized; for after all, just whom do the people elect?—the man himself, or the phantom the press agents represent him to be? But stop me, somebody—I feel an attack of Menckenitis coming on.

Downstairs

(Metro-Goldwyn-Mayer)

Do these screen heroes ever become bored with their many virtues and long to be plain roughnecks or even rather coarse villains for a change? John Gilbert says yes in a comedy drama that he wrote himself and sold for $1. In this plodding though fairly interesting piece he is a blackmailing chauffeur, betraying the innocent wife of the butler, robbing the cook of her savings, scratching his head, digging at his ears, belching, and otherwise disporting himself in a manner that must be comfortably relaxing to a perpetual hero. At any rate, he seemed to be enjoying himself immensely.

This picture, in itself a thing of no great moment, suggests a fundamental truth of psychology. Nearly all of us would like to do something that we're not doing. Do the lights of the Anti-Saloon League ever wish that they could go on a bust, and not sneak down alone to the basement? I suspect they do. And does not the earnest divine sometimes yearn, possibly against his will and the promptings of his better self, to leap up suddenly at the Ladies' Aid, kick over the tea-table, and give Mrs. Quackenbush and Mrs. Piffle a good soul-satisfying push in the face? If you asked any psychologist worth his salt, I believe he would reply emphatically, "Yes indeed."

A Bill of Divorcement

(Radio-Keith-Orpheum)

John Barrymore frees himself of all restraint, makes faces, rolls his eyes, wears the world's worst-fitting suit, and thus gives his conception of how a half-cured madman would act when he returns after fifteen years to the wife who has divorced him. I think she had excellent grounds on his acting alone.

Billie Burke plays the part of the divorced wife with admirable restraint, understanding, and feeling; and with Katherine Hepburn's excellent portrayal of the supposedly insanity-tainted daughter makes this cinema version of Clemence Dane's doleful, unhumorous dramatic play an emotionally satisfying production.

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Business of Going Out of Business

By Fiorello H. LaGuardia

Creditors and the public will suffer a loss of nearly a billion dollars through bankruptcies this year. Representative Fiorello H. LaGuardia, of New York, explains the malpractices of this racket, and suggests a remedy.

A LONG AND DUSTY ROAD has been travelled since creditors might "cut the debtor's body into pieces, and each one of them take his proportionate share"; and since the time "of imprisoning the debtor's person in chains, subjecting him to stripes and hard labor, at the pleasure of his creditors." Bankruptcy laws were enacted as a merciful means of protecting unfortunate debtors and at the same time affording all possible protection to creditors. But along with the humanizing of debtors' laws there has developed in this country a practice and system which defeats not only the mercy of the law, but which destroys all intended protection for honest creditors. The system has built up a coterie of court scavengers and parasites that preys upon bankrupt estates. These practices have defeated the objects of the law and have demoralized the administration of Federal justice.

John Doe lives in Pittsburgh. He runs a small hardware store on Stanwyx Street, in a frugal and businesslike manner. Comes the depression and Mr. Doe finds the wolf at his door; not a large wolf, to be sure, but a calm, determined sort of wolf none the less. So Mr. Doe files a voluntary petition in bankruptcy to help his creditors get some ready cash and to relieve himself from further worry. The trustee sells the stock on hand in his store.

Mr. Doe is honest, and no effort is made to conceal assets, so the trustee winds up the business with $1,874.31 in cash, enough to pay one third of the claims of the unsecured creditors, A, B, and C. So Messrs. A, B and C go their ways expecting in time to get a fairly good dividend on their claims against Mr. Doe. Imagine their surprise, not to mention annoyance when they open their mail one morning to find that the Doe estate will pay creditors a percentage of 00.000% on their claims.

This is how it happened: Total Doe estate of $1,874.00 spent as follows:

Attorney's fees	$ 179.00
Receiver's fee	71.49
Trustee's fee	33.32
Referee's expenses	88.40
Referee's filing fee	9.25
Referee's commissions	7.64
Appraisers (three)	30.00
Insurance	12.42
Receiver's bond	10.00
Trustee's bond	5.00
Notary's fees (12)	6.00
Administration rent	502.41
Clerical, postage	43.60
Check protest fee	2.65
Storage of estate's auto	30.00
Padlocks	2.55
Telephone	.75
To clerk of court	30.00
To chattel mortgage creditor	809.83
Total	$1,874.31

This is a very typical case, *since more than 80 percent of all cases administered pay nothing or next to nothing.* The general creditors A, B, and C received nothing, and they were eight months in receiving it.

Then there is the case of Mr. Roe, who ran a pharmacy in Wichita, Kansas. When he failed there were unsecured claims of $4,810.72 against his business, and at forced liquidation by the trustee $1,296.91 in cash was realized, enough to pay slightly more than one fourth of the claims. Did the estate pay one fourth? It did not. Here is what happened to the pharmacy of Mr. Roe:

Expenses, first meeting of creditors	$ 30.00
Appraisers' fee	30.00
Notary fees	5.50
Receiver's bond	10.00
Receiver's expenses	39.56
Attorney for receiver	125.00
Receiver's commission	61.32
Trustee's bond	5.00
Trustee's expenses	10.00
Trustee's commission	24.17
Attorney for trustee	25.00
Referee's expenses	27.00
Referee's commission	10.44
Attorney for bankrupt	50.00
Bankrupt's exemption	300.00
Insurance	49.34
Rent during administration	200.00
Rent prior to bankruptcy (pref.)	50.00
Wages due prior to bankruptcy (pref.)	49.50
Total expenses	$1,101.83
Paid to the $4,810.72 creditors (4.05%)	195.06
Total	$1,296.89

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The wastefulness of the system is not confined by any means to small and middle-sized cases. In the large centers of commerce where the assets run into millions, and the fees into hundreds of thousands, the receivership and trustee business assumes the proportions of a racket. The revelations which followed my disclosures of the bankruptcy ring in New York gave a glimpse of the situation, ending as they did in the conviction of two prominent lawyers for embezzlement, the resignation of a Federal judge, the removal of a Federal auctioneer, the resignation from practice of two attorneys, and the suicide of one of the favorites of the judge's ring—a bankruptcy lawyer and key witness in the investigation.

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But when the smoke had cleared away and public indignation had subsided, the only legislative repercussion was the bill of January 21, 1926, a proposal that merely skated around the penumbra of the problem. It provided more severe and summary penalties for dishonest bankrupts, but left the receivers, trustees, lawyers, referees, and judges, with all the present possibilities of loot, just where they were before.

In one state, for instance, Federal bankruptcy proceedings have paid creditors only 18.75% of the total cash realized from liquidation, in 325 cases. In the western district of Oklahoma 318 bankrupt estates were sold for a total of $972,536 and of this sum only $139,666 was paid to creditors—17.41%. In the eastern district of Michigan 570 estates were closed and $4,343,610 was realized from liquidation of which only $796,084 was paid to the general creditors, 18.33%.

The larger cases merely make the picture more dismal. In a recent case the total assets realized were $74,000 and more than $20,000 was paid in fees. In another case of $1,500,000 assets total fees and expenses of administration amounted to $288,000. And these are cases where there is no patent fraud, and they are considered "well administered." In another case a public utility company, with $300,000 inventory assets, found itself tied up for cash, and consented to a receivership, though its liabilities were only $30,000. Eighteen days later the equity receivers filed a petition in bankruptcy, got themselves appointed as trustees, and set to work. The property was sold for $80,000, probably a collusive figure, and after the gentlemen in charge had claimed all possible fees and commissions, the creditors with claims of $30,000 received only 75 cents on the dollar, though the property at the outset was actually solvent with an excess of a quarter of a million dollars in assets!

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In another case a jewelry firm with assets close to half a million dollars was forced into bankruptcy, though very nearly solvent. A group of insiders forced through a composition agreement of 25% in cash and 75% in stock of a reorganized corporation. It was quite evident from the start that the whole settlement was engineered to get hold of the assets and make a thorough clean-up. And that is exactly what happened. Only a small part of the cash settlement was ever paid, and after a second bankruptcy proceeding three years later the general creditors received a dividend of 2.5%.

Recently a west coast brokerage firm failed with more than $450,000 in assets. The stock exchange officials, creditors, and partners of the firm promptly went into court and explained that they had agreed upon a receiver—a well known auditor and accountant of high standing. The judge appointed him, and then demanded that this receiver appoint as his counsel a $50 a week law clerk working in a law office friendly to the judge. The receiver refused, whereupon the judge dismissed the receiver, appointed a new one who accepted the judge's law clerk friend, and the affairs of the firm finally wound up with an administration cost of $130,000 and a dividend of 20% to the creditors.

In the Fageol motor company case, a $3,000,000 going concern, the creditors agreed on a tried and experienced automobile manufacturer for receiver. But the "able" Federal judge, apparently fearful lest the receivership should be competently handled, removed the motor man and put in his place, believe it or not, a telegraph operator with no business or factory experience whatever!

It would be hard to imagine a more base or venal result than the working of the patronage system of receiverships. And these cases are not isolated or detached reports. I have lived through them as member of several subcommittees of the House Judiciary Committee investigating the conduct of Federal judges. We have never had a case of misconduct on the part of a Federal judge which has not reached its tentacles into the bankruptcy and receivership activities of the court.

In many such investigations the revelations have been appalling. In one case it was revealed that a favored court follower was being appointed both as referee and receiver in bankruptcy cases, not only receiving double fees, but passing on his own receiver's fee while sitting as referee. In Illinois, under the regime of another unsavory judge, later forced from the bench, one set of lawyers was charging its entire overhead and office expenses to the bankrupt estates they administered.

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Existing law that prevents this sort of thing is ignored in a high-handed and cavalier manner. When a Federal judge was asked, in the course of an investigation, whether the legality of the referee acting as receiver and receiving two sets of fees had ever been questioned, he replied: "Well, the legal point has been raised every two years by some examiner of the Department of Justice . . . and they have been bringing it up . . . but somebody has got to act as receiver . . . !" And thus the judge made it clear that regardless of what an inconsequential Congress might insert in the present bankruptcy law, he intended to go merrily on his way with the double-fee-for-favorites system.

Obviously this system cannot be permitted to continue. During normal years business failures ending in bankruptcy cost creditors and the public about $750,000,000, and during the present year the cost will be much higher. More than 80% of the bankrupt estates are paying no dividends at all or only nominal dividends to the general creditors.

Time has demonstrated that the government must supervise in some manner these forced liquidations, and that the private adjustment mode of liquidation, through credit bureaus or other semi-public agencies, is not successful. Agitation for a professionalized service of liquidation and administration, under the Federal government, has received the approval of the Association of the Bar of the City of New York as long ago as 1924. After an extensive investigation it was then strongly recommended that the handling of bankrupt estates be placed in the hands of official receivers, to be paid a regular salary and be in no way dependent

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for their sustenance upon the fees and commissions that they were able to gouge from the estates.

The din that will be set up by the existing "bankruptcy rings" when we attempt to enact some such program into legislation will naturally be terrific. It is well known that a comparatively small group of men, through political or judicial connections, manage to dominate the bankruptcy business and especially the fee-splitting end to their entire satisfaction at present. These men are sure to show a "righteous indignation" at the proposed changes, which will by itself constitute fairly strong evidence that the changes are sorely needed. We cannot legislate for this class. The plan proposed is not untried, having worked for years in England vastly better than our own present system. Even Thomas D. Thatcher, when a Federal judge, after a thorough investigation of bankruptcy, speaking as Solicitor General of the United States, to the American Bar Association in 1930 said: "There is in England a bankruptcy law which not only affords efficient and honest administration but has vastly improved the general tone of commercial morality and has promoted honesty and fair dealing in trade."

Surely it is not beyond the genius of legislators, lawyers, and business men in the United States to devise a new system of forced liquidation which will not absorb the entire estate in charges and fees. Bankruptcy administrations must be removed from the patronage side of the Federal courts, and placed in charge of the business arm of the government. They must be taken from the Department of Justice and the courts and placed under the control of the Department of Commerce, to be administered by specialized business experts and not by lawyers of questionable reputation and politicians of the same ilk.

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In every judicial district in the United States there would be appointed, under this plan, a permanent chief administrator of bankrupt estates and such assistants and aides as are necessary to conduct the business coming into his hands. In each district there would be a permanent counsel to the chief administrator and a permanent judicial custodian of all bankrupt property. The judicial custodian alone would be an officer of the court. He would be charged with the preservation of the bankrupt estates pending liquidation, and any interference with his function would constitute an act punishable as contempt.

All of these officers and subordinates will be civil service employees, holding office during good behavior, and not responsible to any political organization.

Immediately upon the filing of the petition in bankruptcy the property passes into the custody of the judicial custodian for the district. This does not mean that a going business need be interrupted. It merely means that a complete accounting of all assets possessed at that time will be made at once, without waiting for the filing of bonds and other red tape. If the debtor claims solvency, the judicial custodian shall make an appraisal and report on that issue to the chief administrator forthwith. The administrator will then declare the estate solvent or insolvent, and in case of an appeal to the district court, which will be permitted to safeguard constitutional rights, the issue will go to an immediate trial. The burden of proof will be on the party opposing the findings of the judicial custodian as to value, in this case.

After adjudication the assets shall be at once turned over to the chief administrator for immediate liquidation. A bankrupt business may be operated only with the special permission of the head of the bankruptcy bureau in the Department of Commerce and only in such cases as have reasonable prospects of regaining solvency.

There is to be no appeal from the discretionary decisions of the administrators except on a charge of fraud. In fact all captious, quibbling, dilatory motions, applications, references, hearings, and procedures now invoked for the benefit of attorneys and receivers will be entirely eliminated. Criminal acts in connection with the administration will be immediately referred to the United States district attorney for prosecution in the manner of other crimes under Federal jurisdiction. In addition to criminal penalties it will be a condition precedent to discharge that the bankrupt lend active assistance to the administrator in the liquidation of the estate.

In the case of equity receivership, where bankruptcy is not petitioned and the equity powers of the court are invoked, the same machinery will be employed. Probably ninety-five out of a hundred of these cases are cases of actual insolvency. Where no insolvency appears, a majority in amount of the creditors will be entitled to elect an administrator for the management of the business. If the estate is, or becomes, insolvent it shall be turned over at once to the chief administrator for administration under the bankruptcy laws.

There will be only one accounting—at the close of administration. Existing insurance policies will remain in force until complete liquidation. Existing employees will not be replaced. The chief administrator will not be permitted to remove existing bank accounts to different banks except for good cause shown, and the present costly system of appraisal will be abolished.

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The bidding rings deserve a word also. So well organized are they in some places that a genuine auction of goods is impossible. In one case a valuable jewelry store was being auctioned off under a usual advertisement of "all assets." An insider bid it in for $40,000, a low price for the stock alone. But only the insider knew that there was more than $8,000 in cash in the till, included in the sale, that had accrued as the result of a short operation of the business by the receiver.

The business of liquidation and reorganization is a specialized business which requires the services of specialized men. It is a business that cannot afford to pay the price now exacted by political patronage and unscrupulous court-followers. Bankruptcy and equity receivership as now practiced in the Federal courts have come into an odious disrepute, and the maladministration and wanton dissipation which have caused this disrepute are among the scandals of our time. The public is entitled to honesty and efficiency in the public function of liquidation. It is high time that a vigorous and relentless fight be made for the long-suffering business men who have too patiently endured the depredations and spoliations that have made a reeking scandal of our Federal courts and their bankruptcy and receivership administrations.

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Our Machine-Tilled Acres

By Walter W. Liggett

Nineteen members have been expelled from the ruling party of the U.S.S.R. for protesting against mechanized state farms. Walter W. Liggett explains the breakdown of the great machinery-run farms operated on a theory which failed in this country, and is failing again in Russia.

FARM FORECLOSURES, numerous in recent months, especially in the South and West, have a way of bringing superior smiles and the remark that mass production has doomed the individual farmer. The huge tractorized farm in Russia are cited as proof of this irresistible evolutionary tendency, although the Soviet authorities didn't wait for evolution but ruthlessly "liquidated" the wealthy *kulaks* by military might and thus compelled the establishment of collective farms.

It is perfectly true that a long period of depressed prices and increased taxes has caused acute distress among the farmers in all parts of the country, but those who exult over this condition because they feel it precedes an era of big-scale, machine-production farming are a bit premature in their prophecies and perhaps have not given sufficient study to every aspect of the agrarian problem.

Recent announcement that the King Ranch, the famous 1,280,000 acre farming "empire" in Southwestern Texas, will be broken up into small, separate units instead of continuing to operate as one vast holding, probably will come as a distinct surprise to those who have confidently predicted the future of American agriculture as depending upon the introduction of factory methods on our farms. The King ranch, established in 1854, was the largest privately owned cattle range in the world, and the reluctant decision of its owners that it no longer is profitable to operate this huge principality, almost twice the size of Rhode Island, deals a body blow to the theory that big scale farming is the only economical method.

It would be absurd, of course, to cite this single example to prove the case against this type of farming, but the facts are that the King property is one of the last of the many early million-acre Texas cattle ranches. Years ago the estate of Colonel Slaughter and the X-Y-Z properties were carved into smaller units. Few of the large cattle ranches survived the passing of the free range. The depreciated value of land, coupled with sharply increased taxes, made it more and more difficult to make both ends meet in wholesale cattle raising, except where large areas of good grazing land could be leased from the government on exceptionally favorable terms. Such projects are an economic anachronism.

Equally untenable is the belief that cotton, corn, potatoes, wheat or other grains only can be grown profitably by mass production methods. Soviet propaganda has converted millions to this theory. The U.S.S.R. Five Year Program has been accompanied by incessant and exaggerated claims about its great collective "grain factories" which are heralded by enthusiasts here and abroad as the very last word in scientific big scale agricultural production.

The Soviets started with the ambitious program of completely abolishing individual farm production. Their motives were political as well as economic. They believed that ownership of land by individuals developed counter-revolutionary tendencies, especially among the wealthier peasants. They also were alarmed because the peasants were consuming more of their own products than before the revolution, and refusing to turn in grain on the arbitrarily fixed basis of barter. Therefore, starting with 1929, the *kulaks* were ruthlessly dispossessed and the poorer peasants, forcibly in many instances, were gathered on collective farms.

It was the intention of the Soviet heads to produce grain, maize, vegetables, livestock, cotton and all other agricultural commodities by introducing factory methods on the farms and tying industry into the soil on a scale never attempted before. The state started 143 "grain factories" averaging 100,000 to 200,000 acres. Several of the areas farmed as a single unit ranged from 300,000 to 650,000 acres.

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Russia was fortunate in having a bumper grain crop in 1930 which was the first year in which the collective system was in full swing. This encouraged the Soviet authorities to make extravagant claims about the success of their program. Wheat was exported to Chicago, chiefly as a vain-glorious gesture, and the various commissars boasted they could grow wheat for 40 cents a bushel, and undersell the world. The ballyhoo found converts in America. Pale red and pink Greenwich Village intellectuals who had never set foot on a farm, and couldn't tell wheat from corn if they saw them growing side by side, solemnly declared the doom of the individual American agriculturalist had been sounded and that big-scale factory methods would soon wipe out the 6,000,000 American farms.

These prophets of the collectivized state did not realize (few non-farmers do) that to plow land and to plant seed is one thing; and to produce a given number of bushels from a given number of acres is something else again. In other words, crop production after all depends largely upon climatic conditions over which farmers have not the slightest control, and crops vary

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greatly from year to year in accordance with the changing weather. That is the primary reason why it is practically impossible to place agricultural production on anything resembling a factory basis, and why every attempt to do so has ended in failure.

"The Soviets Conquer Wheat" was the title of a glowingly optimistic book issued by one of the Russian propagandists, and coming on the heels of the bumper crop of 1930, it seemed to have more than a little factual justification. Apparently nature has not been so bountiful this year. Reports coming out of Russia ever since July have predicted a serious crop shortage, and official publications of the Soviet government admit that food production has fallen dangerously far behind the schedule of the Five Year Program. No exact figures have been allowed to go out by the Soviets on the present harvest, but all accounts agree that the grain reserves have virtually disappeared and the scarcity of meat is even more acute. Many observers declare that parts of Russia actually may be facing famine before the winter is ended.

Russia was back to 97 per cent of her pre-war production in 1926. However, only 37 per cent of the grain produced was reaching the market. The villages were keeping the wheat and this caused the Communist chiefs to adopt a policy which would "pulverize" the peasant masses. The decision was hastened by the fact that the 1928 crop was below par and Russia actually had to import wheat that year. The campaign for collectivization was in full swing by 1929 and the war against the *kulaks* was carried out with extreme cruelty in 1930. Families were dispossessed, all their property seized, and thousands of competent farmers were driven to forced labor in the mines or lumber camps, while inexperienced city workers were sent out to the fields to direct farm activities.

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One of the mistakes of the Soviet authorities was to rush their collectivization campaign too rapidly. By 1930 the official claim was made that 12,000,000 families, or approximately one-half the entire peasant population, had been gathered on the collective farms. With horses and other draft animals gone, thanks to the ruthless tactics adopted with the *kulaks*, tractors could not be supplied fast enough to till all the big farms.

In this connection it is well to remember that farming is strictly seasonal. Crops must be planted within a definite and narrow time limit in the spring or else the seeds will not germinate. The same is true of the harvest. After the grain is ripened, it must be cut within a comparatively short period or the kernels will fall off the stalks; while potatoes and other vegetables rot unless speedily garnered. This is another primary reason why factory farming cannot succeeed. Mass production methods require so much machinery for such a short period that the necessary investment with its consequent depreciation often makes high overhead costs which more than offset the savings in labor.

The Soviet "experts" are discovering these facts to their sorrow. Although precise figures are lacking, it is known that their tractor production has fallen far short of expectations, and, since draft horses are lacking, this has resulted in many less acres being planted than the Five Year Program called for. It is also reported that during the last harvest approximately 30,000,000 acres of grain died on the stalk because neither tractor nor animal power was available for harvest.

Unexpected trouble has been encountered in handling tractors. It has proved impossible to convert Russian mujhiks into capable mechanics by a wave of the hand and there has been a serious loss in tractor power through breakdowns in both the factories and on the fields. Even savage laws against those who "commit cruelty to tractors" cannot guarantee a high degree of operating efficiency.

Some of the poorer peasants, who owned no draft animals and had only small and scattered fields, probably might have been better off and produced more per acre with machine methods through co-operative effort, but the Soviets made a costly mistake and revealed a tragic misunderstanding of peasant psychology when they "liquidated the *kulaks*."

After all, the *kulaks* were the superior farmers. By industry, thrift, and better methods they had established themselves on fairly substantial average holdings. It was the *kulaks* who produced the exportable surplus of Russia's wheat even prior to the revolution and it was the *kulaks* who restored Russia's grain production to its pre-war production. Their so-called counter-revolutionary tendencies were centered around a desire to own the land. Had they been assured continued possession of their acres, most of them would have been loyal supporters of the Soviet government.

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Radical theorists doubtless never dreamed that there is a deep rooted instinct in every tiller of the soil which makes him want to own the land on which he expends his labor. Likewise, just as a man becomes fond of a favorite dog, the farmer learns to like the horse he works with. In time he feels an attachment for the fields which he toils to make productive and for the fences and other improvements which he fashions with his own hands.

The peasants' love for the land might easily have been utilized to bind them to the Soviets with unbreakable chains, but the Communist leaders were committed to the theory of nationalization of land, purely academic under the circumstances, and thus they needlessly incurred abiding animosities when millions of Russian peasants were forcibly dispossessed from their farms. The Soviet authorities are now paying for this "liquidation" in the form of a serious food shortage. In Russia, as elsewhere, factory farming works far better in theory than in practice.

Although Russian propagandists announced with a blare of publicity they had discovered a new principle of agricultural production, the facts are that big scale farming was tried and found wanting in America almost a generation before the Bolshevists seized power.

Probably the Soviet "experts" never heard of the great

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bonanza farms of North Dakota, but they existed nevertheless. Forty years ago the Dalrymple family and others were farming 50,000 and 100,000 acre tracts in the Red River valley—one of the most fertile regions in the world and one, because of its flatness, which seemed especially designed for mass production methods with modern machinery. At that time land then was fairly cheap in the Red River valley and the eastern newspapers and magazines of that period were filled with articles predicting that this new, big-scale method of agricultural production meant the finish of the individual farmer. But the doomed individual farmer is still on the job in Dakota, although the bonanza farms long ago failed to pay, and were broken up into smaller units.

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Big scale farming also was tried in California during the early 90's and it failed there just as it had failed in North Dakota. Practically all the grain growing regions of California were included in the old Spanish grants where huge areas were owned by one family. This condition encouraged large scale operations and wheat farms, cattle ranches, hop and grape vineyards and fruit orchards of from 10,000 to 100,000 acres were operating all over California more than thirty years ago. Miller and Lux operated one of the largest ranches in the world, and in the San Joaquin valley one corporation farmed 75,000 acres using steam powered engines which pulled gang plows and combine harvesters that cut a thirty-six-foot swath.

On other great ranches, eight, twelve, and even twenty-horse teams were used in plowing and harvesting. Admittedly these steam-powered engines and horse-drawn machines were not as efficient as the gasoline tractors of today, but they employed the best principles of mass production known at the time. Practically all of them found it impossible to compete with individual farmers who were working much smaller units.

Today most of the great California ranches have been divided into 200-acre or possibly 500-acre farms and are being worked by tenants. The land owners of California have found that the rents paid by tenants far outstrip the profits of mass production farming. The same drift toward breaking up huge farms into smaller units has come about on the plains of Alberta and Saskatchewan.

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In the case against factory farming there must be figured the little known, but ironic, fact that the very man the Soviets brought to Russia to instruct them in the science of mass production in agriculture has himself made a conspicuous failure of big scale grain growing. I refer to Thomas D. Campbell of Hardin, Montana, president of the Montana Farm Corporation, perhaps the most widely press-agented farmer in the world, and the one most responsible for disseminating the idea that the small individual farmer cannot possibly compete with large scale machine production.

As the largest single grain grower in the United States since 1919, Mr. Campbell should be in position to speak with authority. Yet, despite exceptionally favorable conditions in regard to leasing Indian-owned land at an unusually low rental, he lost several million dollars in his farming operations between 1918 and 1929, and he has not raised a spear of wheat since the prices of grain collapsed three years ago. Mr. Campbell not only is an agricultural expert, but a graduate civil engineer, and admittedly is competent in both callings. The fact that he has made a failure of big scale power-production over a period of eleven years strongly indicates, at least, that units of 80,000 acres and upwards cannot be conducted at a profit by big business methods.

Since Mr. Campbell has advised the Russians, it is worth while briefly to sketch the record of his operations:

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During the World War when wheat was selling at the guaranteed price of $2.20 per bushel, Mr. Campbell organized the Montana Farming Corporation. The directors were J. P. Morgan, Francis H. Sisson, Charles D. Norton, James A. Stillman, Charles H. Sabin, J. Gilmore Fletcher, and Maxwell Upson of New York and J. S. Torrance of Los Angeles. The stockholders' list looked like a roster of Wall Street bankers.

On the patriotic plea that wheat was needed to win the war, the Montana Farming Corporation signed a contract with Secretary of Interior Franklin Lane whereby it was to be permitted to select suitable lands on any Indian reservation and to negotiate leases on a crop-sharing basis ranging from 7½ to 10 percent of the crop for the first five years. The Montana Farming Corporation selected 80,000 acres on the Fort Peck reservation near Poplar, Montana, and 40,000 acres more on the Crow agency near Hardin, Montana. Indian agents helped Mr. Campbell obtain his leases; nearly half a million dollars worth of farm machinery was purchased; and with a flurry of publicity wheat was planted on 120,000 acres.

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There is no doubt that Mr. Campbell put power-farming on a scientific basis. Also, he started his operations with cheap land when the price of wheat was high. Still, in 1921, after four years' operation, the Montana Farming Corporation's books were just $2,006,308.85 in the red and Mr. Campbell's Wall Street backers withdrew from the project. They took their losses and allowed Mr. Campbell to purchase $400,000 of farm machinery for something less than $50,000. He cancelled his Fort Peck leases and moved to the Crow agency where he leased 80,000 acres on a straight crop-sharing basis.

Despite the low rental and the fact that he obtained most of his machinery for approximately one-tenth of its value, Mr. Campbell was unable to produce wheat at a profit after the market collapsed in 1929. His suspension marked the failure of the most ambitious big scale power-farming project ever undertaken on the American continent. It

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will be interesting to see whether Mr. Campbell has more success in teaching the Russian peasants how to power-farm than he had on his own Montana units.

It is not necessary, however, to cite ancient history or to select isolated instances to make out a case against factory farming. The Agricultural Service Department of the United States Chamber of Commerce recently conducted an exhaustive survey of the possibilities of corporation farming over a four year period which proves that the net returns from big scale agricultural investments are not sufficiently large or certain ever to attract capital for such enterprises.

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The survey included 74 large farms in 28 different states. Every section of the country was included and the farms also varied greatly in their nature. Fifty-two of the farms were of 1,000 acres or more. From 1925 to 1928 gross incomes from the 74 farms ran from $9,000 to $684,553, with an average of $102,676. Expenses ranged from $3,500 to $615,909. The average expense of all the farms was $102,025. In other words, the average gross income just about met the operating expenses. If the largest net gain and the largest net loss had been eliminated, the remaining 72 farms would have shown an average net gain of $3,426 a year. This, however, was on an average investment of nearly $200,000—and the survey was made before the recent drastic drop in agricultural prices. These results, taken from all sorts and sizes of big scale farms in every part of the country, certainly do not encourage the development of corporate farming as a means of investment for surplus capital.

The fact that factory methods have failed on the farm does not mean that modern machinery has not revolutionized farming. Constant improvements in tractorized gang-plows, hay mowers, grain combines, potato planters and diggers, corn huskers, cultivators and various other forms of agricultural machinery have tremendously increased the per capita capacity of the American farmer and at the same time cut down his labor costs. It is not possible to understand the progress of agriculture in the United States except in terms of machinery. Less than a generation ago most of the soil breaking was done with the one-furrow horse-drawn plow, and in the harvest crews of "shockers" followed the narrow-swathed grain binders. Now 60 horse-power tractors pull twin eight disk plows with huge 66-foot harrows following in their wake; and the two-man combine does the work of twenty "shockers" or thresher hands. Potatoes, too, are planted and dug up by swift, labor-saving devices.

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Experts have estimated that the farmer today can accomplish at least 15 times as much in his labor time as the farmer of 100 years ago, and even in the last two decades the improvement of machinery has almost doubled his production. Yet it is an arrant fallacy to predict that the larger the unit farmed the lower the costs will be; and it also is unsafe to assume that machine production always results in lower costs per acre than old-fashioned methods of individual farming.

Extensive tests have shown that the average cost of plowing an acre in North Dakota with a four-plow tractor averages $1.78. The actual plowing requires less than an hour, whereas it requires approximately six hours to plow one acre with a horse-drawn walking plow. However, with farm labor at its present level and the horses supported from the produce of the farm, the more primitive method actually is the cheaper on a per acre basis. Furthermore, it must be remembered that horses can be used in dozens of tasks about a farm, whereas the average tractor on Northwestern prairies is not in use more than 64 days a year. But interest must be paid on its purchase price, and the tractor, like all farm machinery, probably deteriorates more when it is standing idle than when in use.

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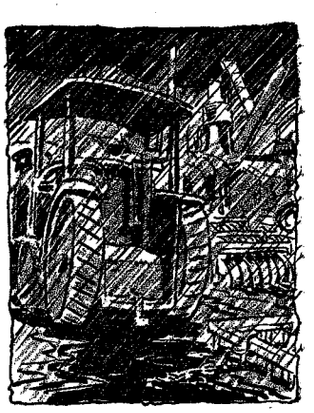
The principal advantage of gang-plows, potato diggers and combines is not so much that they reduce the actual cost of farm operations as that they enable the farmer to work a much larger acreage. In semi-arid regions the average individual wheat farmer can take care of 1,000 acres, whereas without modern machinery he could not handle more than 200. To this extent the use of farm machinery is economically justified.

There is, however, a point beyond which the costs of agricultural production cannot be lowered merely by increasing the acreage. Often the per acre cost of farming 1,000 acres will be lower than for a unit of 25,000 acres. One reason for this is the extreme difficulty of obtaining trained laborers for big scale agricultural operations. Since farming is essentially seasonal, it is impossible to keep the peak load of labor permanently placed. This compels the corporation to rely on casual workers. Almost every operation on a farm requires long, practical experience. That is why the individual farmer will always do more and better work at less cost than the labor employed by big scale farms. No matter how much machinery is used to supplement man power, efficient operation demands trained men and farmers cannot be supervised like factory hands.

Moreover, a large scale operator must offer the prevailing wages for labor and he must pay extra for overtime. The individual farmer, however, customarily works twelve, fourteen and even sixteen hours per day and he works his wife and children when there is wheat to be harvested or hay to be brought in. Also, it is well to remember that the seasonal time limits within which a crop must be seeded or harvested arbitrarily cut down the acreage that can be handled by a single machine. That means that the overhead cannot be reduced below a certain fixed point, and farm machinery is not only costly but comparatively short-lived.



In travelling through Montana I have seen a single farm where 28 great tractors, costing from $5,000 to $7,000 each, were standing in the open fields with more than a score of mammoth combines, many gangplows, harrows, drills and other pieces of farm equipment

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scattered about. The collection of machinery looked like an artillery depot, and it must have represented an investment of at least half a million dollars. Yet it was not used more than 40 days a year. The rest of the time it was left exposed to the ravages of weather and passing vandals.

The deterioration on that particular collection of machinery was not less than $75,000 annually and, of course, the interest charges would represent at least $30,000 more. I happen to know that the owner of the machinery was farming a unit of 40,000 acres. Therefore his overhead on the cost of machinery alone was $2.50 per acre—or aproximately 12½ cents per bushel on the actual crop which he had harvested the preceding year.

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At the nearest market that year wheat brought less than 60 cents a bushel. Obviously, at this depressed price, the producer could not help losing money. The more acreage he farmed the more he would lose. The small individual farmer also would lose on his wheat at a price of 60 cents per bushel, but he would lose far less than the big scale operator because his overhead charges would be smaller, even on an acreage basis.

Big scale farming can hardly hope to succeed unless it utilizes unusually cheap land, and today most cheap land can be found only in semi-arid regions, far from terminal markets. This, of course, cuts down the revenue, as freight rates always are deducted from prices paid the farmer. In semi-arid regions crop failures from drought or grasshoppers are likely to be more than occasional. Under these conditions it is almost impossible to farm profitably unless the price index is at an extraordinarily high level.

It is significant that most of the big corporation grain farms were started right after the World War when wheat was still pegged at better than $2 per bushel; and most of these large farms have gone out of business since the market collapse of 1929. When individual farms are being foreclosed by the tens of thousands in all sections of the country, after being operated under what best can be described as sweat shop conditions, it is silly to suppose that wholesale factory methods can succeed.

When it is realized that 60 percent of the 36,000,000 farm population of the United States were, in 1925, living on farms whose size averaged less than 100 acres, it is manifestly absurd to suppose that big scale agricultural production is destined to wipe out these 3,780,000 farm homes—at least not in the near future.

As a matter of fact, both the number and percentage of farms of 50 acres or less in the United States is actually growing larger. Between 1880 and 1925 these farms increased from 29 to 38 percent, and during the same period the number of farms of 100 acres or less increased from 55 percent to 60 percent. Even more significant is the fact that *ever since* 1850 *the average acreage of the American farm has shown a steady decrease.*

In 1850 the average size of the American farm was 202 acres and in 1925 the average farm was only 145 acres. These figures are taken from the United States census reports. They prove that the general use of machinery is far from wiping the individual farmer out of existence. Despite the propaganda about big-scale farming, less than 17 percent of all the improved land in the United States is included in farms of 500 acres or more.

There is good reason to believe that a great majority of our farms will always be limited in size by the acreage one family can till to best advantage. The farm family will, of course, utilize mechanical labor-saving devices and employ modern machinery, but in most cases it will be light machinery. In all probability there will be fewer and fewer attempts to farm by mass production methods with heavy machinery, although this, of course, depends somewhat upon the locality.

Most small farmers look upon a farm primarily as a home. They are thinking of their children and they prefer farming to industrial job holding because of its security and because they consider the country a more desirable dwelling place than the over-crowded cities. Most of them are skilled specialists in poultry, pigs, dairying, fruits or truck farming, and in the long run they produce more efficiently and more cheaply than does the big-scale farm.

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Once more machinery has failed as the mainstay of man in modern civilization. It is fortunate that natural forces seem to work against the success of big scale farming and that the single family seems to be the most economical unit of agricultural production. For the family is the foundation of society, and it also is true that the farmer is still the backbone of the nation. Despite the over-development of factories, farming remains the basic industry and 32 percent of our population depend upon it for livelihood.

To eliminate the individual farms and replace the home-owning farmer with casual, migratory workers would surely entail disastrous social consequences. Instead of attempting to industrialize agricultural production and levelling down the farmer with the deliberate purpose of creating a rural proletariate as Russia has done, our problem is how best to preserve the peculiar individualism of the farmer, how to protect him in his private ownership. If our farmers ever are wiped out we will have destroyed the very essence of the national spirit that still remains truly and typically American.

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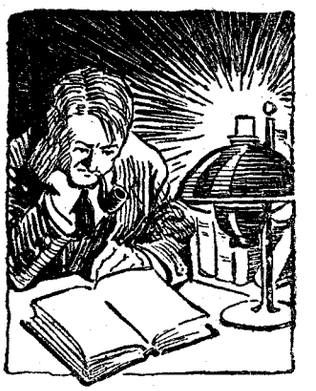
Outlook's Book Choice of the Month

Reviewed by Robert Cantwell



OUR TIMES: THE WAR BEGINS. By Mark Sullivan. $3.75. 600 pp. New York: Charles Scribner's Sons.

SEVEN YEARS AGO Mark Sullivan set about writing a history of America from 1900 to 1925; a history not only of the outstanding events and personalities of the time, but of the astonishing fluctuations in the tastes and habits and moral standards of the people. Or, in his own words, he wanted "to follow an average American through this quarter of his country's history, to recreate the flow of days as he saw them, to picture events in terms of their influence on him." The first three volumes that came from this attempt were engaging and informal; they were picturesque and perhaps unreliable from the point of view of the professional historian, but they were written with a liveliness that few histories have, and they built up a picture of the recent past in an altogether novel way. For in following his average American through these busy years, Mark Sullivan placed little emphasis on social and economic changes as such, and a great deal of emphasis on the strictly popular culture: on the songs and jokes and cartoons, on the advertisements, the fads, the popular novels and plays and other manifestations of general preference that are seldom dignified by historians. When events or personalities did enter the history they were presented, not as they seem to us today, with a knowledge of their importance behind us, but as they appeared to the ordinary, alert individual of the time.

●

With the fourth volume, which is significantly subtitled "The War Begins," a new note is introduced into the series. The method is the same; there are the same detailed accounts of the changes in styles and customs, the same quotations from newspapers and magazines, the same reproductions of cartoons and advertisements, but these examples of the nation's main concerns are given a new significance, and point to an unexpected conclusion.

In the early volumes the stories of the growth and decay of fads, the swift rise and collapse of popular idols, were made to seem funny and quaint. Illustrations of latest styles, showing women all dolled up in costumes vaguely suggesting the well-padded and well-protected half-back of the present, looked odd, even when they created an uneasy conviction that the styles of our time will look just as odd twenty years from now. But in "The War Begins" this complete preoccupation with matters such as fads and styles on the part of so many of the people is no longer humorous; because we know that a major catastrophe is approaching, the unconsciousness of the public to the dangers that threatened it becomes disturbing; reading the book gives one a sensation like that of watching a man hurrying happily and ignorantly toward a trap laid for him.

●

"The War Begins" opens with a picture of America on June 28, 1914, the date of the assassination of Ferdinand, Archduke of Austria. It is a broad and rather comprehensive picture, suggesting what people were thinking about in various sections of the country, what they were talking about, the kind of clothes they were wearing, the amusements that interested them, the sort of information they were getting from their newspapers. Did anyone, among the hundred million have any conception of what the brief and confused news dispatch from the Balkans was to mean? Looking over the newspapers and the magazines of that time, Mark Sullivan comes to the conclusion that no one knew, that no one in America had any idea of the forces the assassination were to release, or of how the conflict was to enter the lives of everyone. The major interests of the moment—if the newspapers guessed correctly—included the Johnson-Moran fight and the health of Theodore Roosevelt; the possibility of a war with Mexico and a spirited controversy about the corset—"Hot Debate About Corset" in the words of the headline writers. There was a lot of talk about women suffrage, and about a resolute, much-abused, much-ridiculed group which was working for the enactment of a national prohibition law. The average man knew that votes for women was a joke—the newspapers and magazines treated it as a joke—in the same way that he knew national prohibition could never become a law. The favorite movies of the day were the serials, and all over the country ministers were complaining that Sunday was no longer a day of rest and prayer, but an occasion for all sorts of recreations.

After covering the popular interests at the moment war broke out, Mark Sullivan goes back a few years to show the sources of these interests in the national life. In his own terms, it was a period of "dynamic humanitarianism" in which America was determined to become better in a hurry. Carnegie was giving away millions of dollars—for libraries, church organs (some seven thousand of them), funds to reward heroes, permanent foundations to insure peace. The virtues of Sullivan's method are perhaps best revealed in the brief biographies of Carnegie and Ford, for he attempts less to show them as individuals than to build up a picture of them in the eyes of their less aggressive and less fortunate contemporaries. Curiously enough, the average man responded with an unexpected resentment to Carnegie's enormous gifts. Americans didn't

(*Continued on Page* 58)

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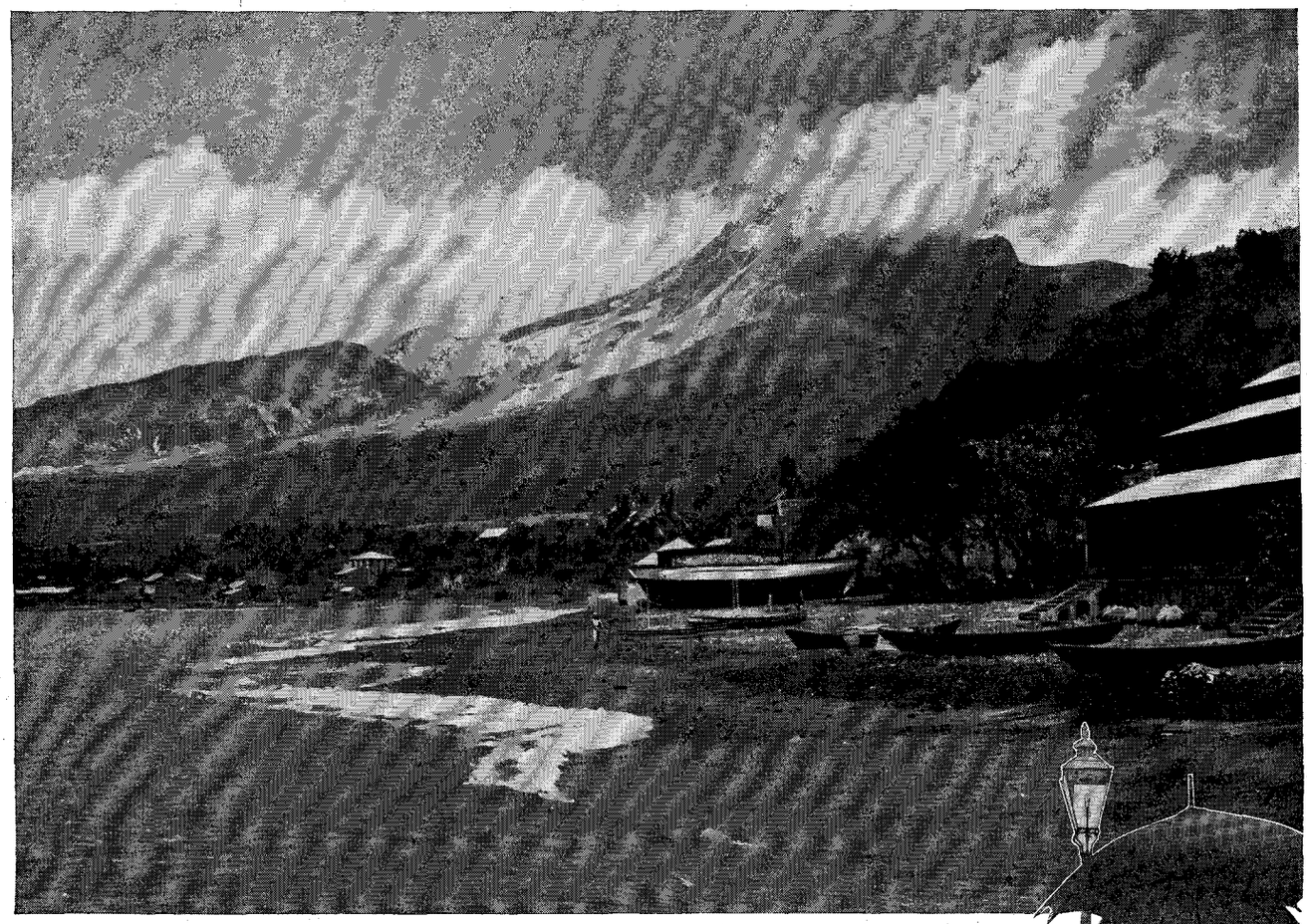
BLUE SKIES . . . AND THE SPANISH MAIN



St. Thomas (Virgin Islands) . . . Fort de France, St. Pierre (Martinique)
Port-of-Spain (Trinidad) . . . . La Guayra, Puerto Cabello (Venezuela)
Willemstad (Curaçao) . . . . Colon (Canal Zone) . . . . Havana (Cuba)

ABOUT Christmas-time, people are getting restless. They're looking longingly southward, to lands and seas where the sun shines golden in midwinter . . . to the blue Caribbean and its fascinating West Indies.

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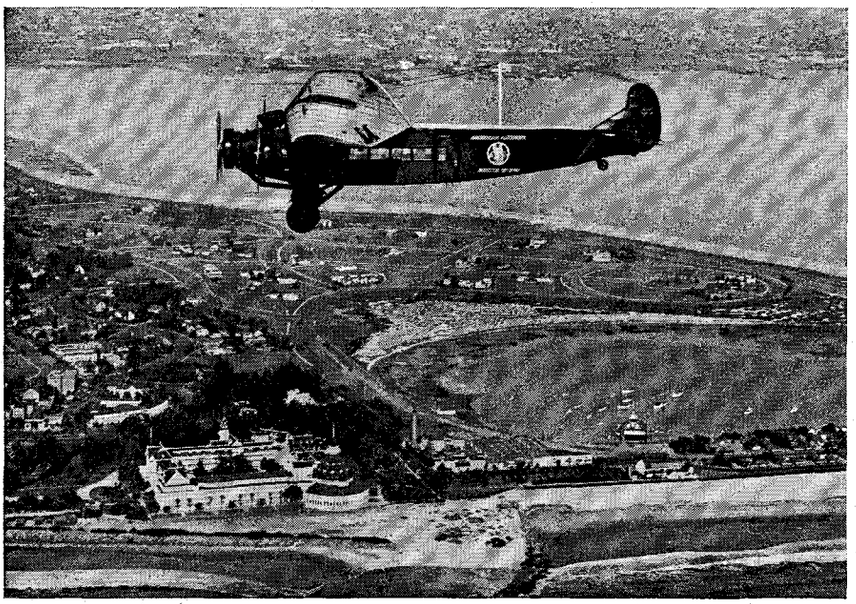

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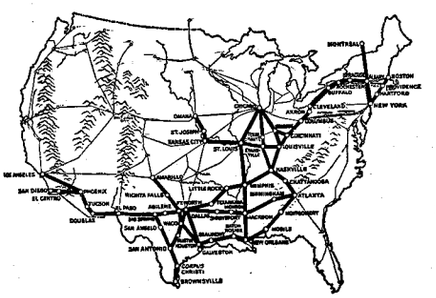

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Outlook's Book Choice

(*Continued from page* 56)

like the idea of great wealth, even though they learned of it from the dimensions of public gifts. There were stiff testimonials from professors and editors, but the popular attitude was that Carnegie was trying to buy general good-will because he could afford to. The biggest jolt the average man received, and the act he hailed with most approval, was a shrewd move by a business man who came out with high wages at a time when wages were low; the popular approval Carnegie did not get went to Henry Ford when he announced his five dollar minimum wage scale. There was an overwhelming chorus of approval, and Ford became a national figure overnight, while his cars, freely advertised by jokes and stories of all sorts, became almost the most conspicuous item in the social landscape.

•

No summary can do justice to all the stories and the unexpected items of information that are packed into this volume. The growth of advertising, the quarrel of Taft and Roosevelt, the appearance of the efficiency engineer and the beginning of the unemployment problem as we know it, the development of ragtime into jazz, the social significance of the dance craze just before the war—these are only a few of the changes Mark Sullivan treats of in detail. And incidentally, to one of the present generation the pictures accompanying the chapter on dancing are hair-raising; looking at these prints of grim and unhappy-appearing people going through the elaborate routine of The Turkey Trot, The Bunny Hug and The Grizzly Bear is enough to convince one that the ministers were justified in protesting.

The total effect of "The War Begins" is sobering. With all its concentration on what seems most frivolous and most superficial, the book is in reality a study in political unconsciousness; a picture of a nation drifting blindly into war in complete ignorance of what the war was to mean to it; in complete ignorance of the issues that were to plunge it into war; with complete indifference as

(*Continued on page* 60)

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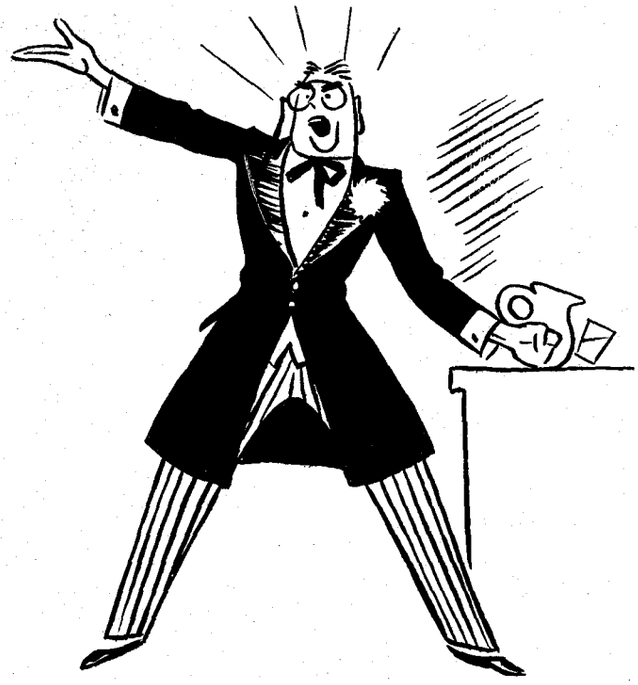

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Books

(*Continued from page* 58)

to what the results of the conflict were to be. And the real villains of Mark Sullivan's history are the newspapers he draws on most heavily for his information; the newspapers that speeded the drift toward a catastrophe by obscuring the significant news and emphasizing the inconsequential and the unimportant. It is the greatest achievement of "The War Begins" that no one who reads it carefully can feel quite the same complacency toward our own times that he felt before; it is the greatest achievement of the book, and it is a substantial one.

●

Other Books of the Month

FICTION

LIGHT IN AUGUST. By William Faulkner. Smith & Haas. A tragedy of the Southland, powerfully done.

BLACK MISCHIEF. By Evelyn Waugh. Farrar & Rinehart. This Waugh at his best.

SHY CINDERELLA. By Wilson Collison. McBride. A Broadway show girl going places.

SOWING WIND. By M. Herbert Wolf. Gage & Moran. A new meeting of the North and South.

MURDER ON THE GLASS FLOOR. By Viola Brothers Shore. Long & Smith. But mostly on the high seas.

SKERRETT. By Liam O'Flaherty. Long & Smith. O'Flaherty paints an Irish village.

THREE KILLERS. By Eli Colter. King. The killing trade in the West.

FLAME IN THE WIND. By James Noble Gifford. Godwin. The Park Avenue set again.

THE QUIET PLACE. By Elisabeth Stancy Payne. Dodd, Mead. A writer and some ladies.

HALF ANGEL. By Fanny Heaslip Lea. Dodd, Mead. Marriage mixed up with many things.

BEYOND CONTROL. By Rex Beach. Farrar & Rinehart. The airplane figures in high romance.

SAVE ME THE WALTZ. By Zelda Fitzgerald. Scribner. The wife of F. Scott tells the story of a girl's struggle in F. Scott's generation.

MONEY MUSK. By Ben Ames Williams. Dutton. Murder and Inspector Tope.

UNCLE GIDEON. By Nettie Bisbee Fanning. Stratford. Rural life in New England in the last century.

THE LIGHT OF GRAVERE. By John Harolde. Stratford. A legend fantastically told.

YAMA. By Alexandre Kuprin. Modern Library. A Russian shocker in new format.

THE ARABIAN NIGHTS. By Richard Burton. Modern Library. An abridged "adult selection."

TOWARD ROMANCE. By Rollo Walter Brown. Coward-McCann. A novel of Ohio.

KINGS BACK TO BACK. By Carroll Garrett Graham. Vanguard. Whitney goes to Europe.

FULLER'S EARTH. By Carolyn Wells. Lippincott. Mysterious disappearance.

SHEETS IN THE WIND. By Ridgwell Cullum. Lippincott. On an old-style windjammer.

A HUNTING WE WILL GO. By Geoffrey Brooke. Lippincott. Sporting novel.

JOSEPHUS. By Lion Feuchtwanger. Viking. A novel of the Jewish historian.

BEYOND DESIRE. By Sherwood Anderson. Liveright. About the South. The first by Anderson since "Dark Laughter."

POETRY

THE NEW POETRY. Edited by Harriet Monroe and Alice Corbin Henderson. Macmillan. New and revised edition; anthology of twentieth century verse in English.

THE POETRY CONTEST. By Henry Brenner. The Raven (St. Meinrad, Indiana.) Dramatic phantasy.

DOWN EAST. By Wilbert Snow. Gotham. Poems of New England.

HIGHWAYS IN OREGON. By Harriet Markham Gill. Published by the author. Local verse.

BEFORE MARCH, by Archibald MacLeish. RAINBOW, by Sylvia Townsend Warner. PREHISTORIC BURIALS, by Siegfried Sassoon. A COUNTRY HOUSE, by Sara Teasdale. Knopf. Four Borzoi Chap-books, pamphlets, each containing a new poem.

BIOGRAPHY AND MEMOIRS

EARTH HORIZON, by Mary Austin. Houghton Mifflin. The autobiography of a writer who has known most of the outstanding personalities of her time, from Herbert Hoover to Emma Goldman.

DEATH IN THE AFTERNOON. By Ernest Hemingway. Scribners. A book about bull fighting, decorated with several remarkable photographs.

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MARK TWAIN'S AMERICA. By Bernard De Vito. Little Brown. A lively biographical study.

GOD'S GOLD. By John T. Flynn. Harcourt Brace. The life and times of John D. Rockefeller, with particular reference to the way in which the Rockefeller fortune was created.

BEVERIDGE AND THE PROGRESSIVE ERA. By Claude G. Bowers. Houghton Mifflin. A thorough and comprehensive account of the Progressive movement and of one of its leaders.

●

GENERAL

THIS COUNTRY OF YOURS. By Morris Markey. Little Brown. A study of what Americans are thinking about and how they live.

BLOODY YEARS. By F. Yeats-Brown. Viking Press. The further adventures of the author of "The Lives of a Bengal Lancer."

THE MARCH OF DEMOCRACY. By James Truslow Adams. Scribners. A factual history of America up to the beginning of the Civil War.

AN AMERICAN ENGINEER LOOKS AT RUSSIA. By George A. Burrell. Stratford. Personal experiences and conclusions of an engineer employed by the Soviets.

HOME MAKING, HOME FURNISHING AND INFORMATION SERVICES. The President's Conference on Home Building and Home Ownership. Another report.

HOUSING AND THE COMMUNITY. The President's Conference on Home Building and Home Ownership. Another report.

THE INCIDENCE OF WORK SHORTAGE. By Margaret H. Hogg. Russell Sage Foundation. Report of a survey made in New Haven.

TEN YEARS OF INDUSTRIAL PSYCHOLOGY. By Henry J. Welch and Charles S. Myers. Pitman. The first decade of the National Institute of Industrial Psychology.

MEN AT WORK. By Lewis W. Hine. Macmillan. Photographs of men engaged in technical manual labor.

ARTISTS' COUNTRY. Ed. by C. Geoffrey Holme. Studio. Reproductions of notable landscape paintings and drawings.

THE NEW VISION. By L. Moholy-Nagy. Brewer, Warren & Putnam. From materials to architecture, modern sculpture, etc.

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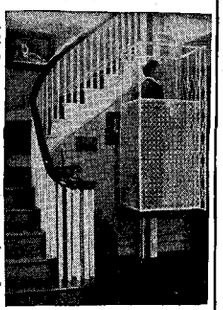

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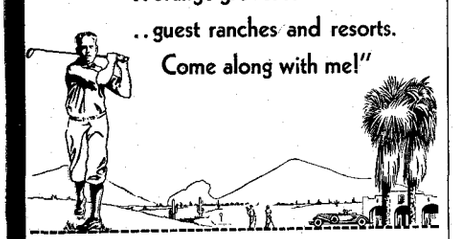

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A House in Order

By Nicholas P. Gregory

THE MONTH OF OCTOBER witnessed the beginning of the end of one of the most strenuous periods which life insurance companies have had to face during any depression. The manner in which these organizations withstood the pressure placed upon them in the storm of falling markets, unemployment and threatened mortgage foreclosures, represents one of the unique successful financial life saving operations of our fiscal history.

Few persons realize the manner in which the insurance companies have served thus far in the crisis as a bulwark for the American home and for the American people generally. A glance at the per capita life insurance in force in the United States at the close of 1929 gives an indication of the potential savings reserves of the American nation. The sudden and extensive tapping of these great reserves placed an unbelievable burden upon the insurance companies. In 1929 the per capita insurance in force was $847. This represented the result of successive increases since the turn of the century. In 1900 the per capita life insurance in force was $111, in 1920 $394 and at the end of 1931 new production had pinned this figure above the 1929 level.

What is the economic and social significance of this large insurance coverage which was $114,569,729,723 at the end of 1931 and which represented a reserve fund which in the crisis proved a life saving force for a mass of Americans with sound forethought for their future? The depression has fully answered this question. These potential savings were called upon to the extent of $989,786,156 in the form of policy loans two years after the depression. The distribution of such a large sum to alleviate distress is one of the highlights of life insurance as an institution and as a stabilizer of our economic structure.

The astounding increase in policy loans in the space of two years (1931-32) indicates the extent and breadth of the depression. In 1928 policy loans outstanding aggregated $2,000,138,202. In the span of four years, during which we have witnessed the greatest speculative boom in the history of this country, its collapse and the attendant distress which it has brought in its wake, this total has almost doubled those figures.

In four years the life insurance companies were required to extend $989,786,156 to their policyholders in the form of loans, exclusive of payments on policies at maturities and other normal disbursements. Fortunately, the companies were in a strong position to supply their policyholders needs without any undue strain upon their basic financial structure. This evidence is found in a number of sources. Firstly, their loans from the Reconstruction Finance Corporation as a group, have been the smallest of any of our large and important fiduciary institutions. Secondly, despite the abnormal demands for loans, they have continued to buy in our investment markets, although admittedly on a restricted scale.

●

Recent statements by the heads of large life insurance companies are to the effect that the demand for policy loans on the part of policyholders is showing a substantial decline from peak levels, reached during the middle of this year.

The marked improvement in general sentiment which set-in in July has contributed substantially to the drop in the number of applications for loans and the dollar volume of these loans. The peak, which was reached in the first six months of the year, was touched at the low point of employment and industrial activity.

Thomas A. Buckner, president of the New York Life Insurance Company, in a recent statement on business conditions and the experience of his company on the question of policy loans remarked:

"One such sign is a decrease in the number of applications for policy loans and a substantial decrease in the aggregate amount of loans applied for. Measured by the first six months of 1932 the cash outgo for

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policy loans made by the New York Life Insurance Company decreased during July and August 21 per cent. Measured by the peak month during the first six months of the year the cash loans made during July and August show a reduction of 30 per cent in volume.

"There has also been a substantial increase in the number of policy loans repaid in whole or in part."

The National Life Insurance Company of Montpelier, Vermont, on September 27 issued the following statement:

"Measured by the first six months of 1932 the cash outgo for policy loans during July and August decreased 21 per cent. Measured by the peak month of policy loans, the loans made during July and August show a reduction of 32 per cent in volume, barely a 2 per cent greater improvement than the New York Life Insurance Company. There is thought to be a very trustworthy evidence that the demand for policy loans is constantly diminishing and will continue to do so now that conditions generally are showing some improvement."

The decrease in loan requests was immediately reflected in the return of insurance companies to the bond market. Recently dealers in high grade bonds and municipal corporate stocks have reported inquiries from the companies. It is believed that continued improvement in the loan situation will again make the companies a potential factor in securities, and contribute towards the stabilization of the securities price structure.

Policy loans are perhaps the most profitable investments of life insurance companies. The charge of 6 per cent on a loan is 1½ per cent better than the companies earn on their invested assets in good years. The demand for loans at times have exceeded their normal receipts from underwriting operations. Some of the companies have made efforts to keep loans down but the needs of policyholders were fully met.

Statistics for all United States legal reserve life companies reveal that policy loans began to mount abnormally about the middle of 1928. Successive monthly increases brought the total at the close of 1929 to $2,379,360,389 outstanding, or more than twenty-one times the total at the end of 1901.

Immediately preceding the collapse of the stock market, policyholders borrowed for speculative purposes. Insurance executives have termed the period from 1928 to 1932 as one of abnormal proportions, and this is particularly true because speculation attracted funds from all available sources. It is significant to note that just as people borrowed to speculate early in 1929, so they did again in the fall of that year. Early in that year some borrowed to buy stocks. After the crash they borrowed to support margin accounts with stock brokers. This phase of borrowing must be placed in a special niche with the other economic phenomena of that era.

●

Really the social phase of the depression did not fully set in until the fall of 1931, or almost two years after the collapse in the stock market. The experience of insurance companies has been that borrowing by wage earners on their policies is last resorted to under adverse business conditions. We must look then to this class of borrowing as an index of generally unfavorable conditions. The life insurance companies did not actually begin to assist in the alleviation of financial distress until this time. Up to then the loan total was somewhat misleading, inasmuch as borrowings represented not unfavorable industrial conditions, but loans for the support of declining security prices. On the other hand, unemployment, although extensive in 1930, was partially combatted by the savings of wage earners which were not depleted until the depression was well under way. In other words, people did not begin to feel the pinch of hard times until the depression had entered the second year of its cycle.

During the last few years, mounting unemployment and impairment of the wage scale have added additional burdens to people. The need for additional cash to meet obligations is reflected in demands for policy loans. Some of this money was needed to meet deferred payments on sundry needs and luxuries. Incidentally, it is estimated that under our extensive use of the deferred payment plan of buying, Americans were actually living twelve to eighteen months in advance of their incomes. At the end of 1931 the total loans outstanding had attained a ratio of more than 16

(*Continued on page* 65)

"I Saved Six Orders And Made 2 Weeks' Pay in *One* Day"

Thanks To This Pocket Volume!

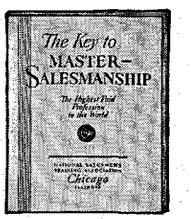
IN my first five years as a salesman, I never made more than $45 a week. I knew I ought to make more. But I was ignorant—untrained—didn't really know how to sell. I was commencing to despair of ever learning by experience. It wasn't until one day, when I was reading a certain magazine, that I ever knew there was any other way to learn.

What I read gripped my imagination. I wrote to find out more about the sensational training mentioned, and the amazing new Free book, "The Key to Master Salesmanship," which was promised. When the book arrived, however, it had a companion—a tiny pocket volume called "Mistakes Commonly Made in Selling."

Do you know, that little book was alive with ideas for me! Just one page tipped me off to a bad mistake I was making. Moreover, it showed me how to save at least six recent prospects—turn them into sales, although I thought my chances were gone. In one day, just calling on those six old, supposedly hopeless prospects, I got every one of them—and made $90—two ordinary weeks' pay!

You bet I enrolled for the full course of training after that! Today I'm making $4200 a year more than I did then. I've lost my envy of the "born" salesman; this training *made* a successful salesman out of me, as it can out of anyone with ordinary brains and education.

Two Books FREE!



Whether you are plugging along unsuccessfully as a salesman, or are down in the rut in a routine job, send in the coupon today for your Free copies of these two wonderful books. See why so many men, who read these books, have since mounted into the big-pay ranks of successful salesmen, through this easy form of training. No cost; no obligation. Act now!

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Dept. S-1165, 21 W. Elm St., CHICAGO, ILL.

National Salesmen's Training Association
Dept. S-1165, 21 W. Elm St., Chicago, Ill.

Without obligation to me, please send me "Mistakes Commonly Made in Selling," as well as "The Key to Master Salesmanship," and full details of your various service features, including your FREE Employment Service.

Name.....

Address.....

City.....State.....

Age.....Occupation.....

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WHY CHANGE DOCTORS NOW ?

PRESIDENT HOOVER has had to deal with a situation far more serious in its responsibilities than ever confronted a physician. Upon him has been imposed the responsibility of a nation dangerously ill from the after-effects of a world war, complicated by a fever of country-wide speculation.

•

He has been faced with a series of constantly changing economic symptoms and cross-infections which have had to be met with patience of a quality akin to that of the Man of Nazareth. Each symptom has had to be recognized, met and counteracted. The patient has had to be kept alive, stimulated and sustained. To this end the tired physician has given almost of his life blood to prevent a complete collapse of his patient while nature can be given a chance to effect a cure.

•

No quick-acting antitoxin or quack doctor can counteract the poisons of a world depression. No sedative will stop the ravings of the self-seeking who hope to benefit personally from the failure of this physician to carry the patient through to full recovery overnight.

•

Upon one man has rested the heavy responsibility of meeting this situation step by step—today a slight gain, tomorrow a new symptom, the next day another complication. So the battle has gone for weeks, for months, mounting into years.

•

In the face of such a situation would you change physicians just when the patient is convalescing and in need of constant supervision by the doctor who knows the history of the case?

This advertisement paid for by Andrew Harvey, M.D.,
137 East 66th St., N. Y. City

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per cent of the total assets of all legal reserve life insurance companies in the United States.

Although life insurance companies consider these loans as a profitable investment, they have viewed the growth with concern. Of course this apprehension can be viewed both from the company standpoint and from the standpoint of the policyholder. From the company's angle the difficulty in lapsation of policies owing to default on loans, is the large expenditure involved in setting up the business on the books again.

●

The adverse point with which the policy holder is concerned is the reduction of payments to beneficiaries at maturity. The insurance companies are making every effort to reduce this stupendous sum, and with the return of better conditions policyholders will begin to liquidate it. The peak in loans was reached during the middle of the current year. This is truly indicative of low business conditions and employment on a country wide scale. At mid-year, the low point in industrial activity and employment was touched. Conversely the high point for policy loans was attained in that period. The month-end statistics below show the successive increases in loans and premium notes of forty (40) legal reserve companies this year:

Policy Loans and Premium Notes
40 Companies
(Survey of Current Business)

1931 (Dec. 31)	$2,594,000
1932—January	2,655,000,000
February	2,704,000,000
March	2,742,000,000
April	2,785,000,000
May	2,827,000,000
June	2,871,000,000
July	2,886,000,000

The constantly increasing demands noted above were met by the companies with little strain on their financial operations. The Reconstruction Finance Corporation authorized loans to insurance companies totaling $63,465,500 up to June 30 from the date of its organization. Of this total, $46,010,638 was actually advanced, while loans outstanding at the end of June were $45,487,402. The latter total was the smallest borrowed by any important group of corporate borrowers with the exception of the building and loan associations which owed the R. F. C. more than $41,000,000. For the period from July 21 to July 31 loans authorized to insurance companies aggregated $2,247,500, while loans from July 31 to August 31 totaled $3,708,700. The R. F. C.'s figures include loans to all types and classes of insurance companies. It is estimated that life companies were extended only a small part of the aggregate authorized loans.

Those loans from the Reconstruction Finance Corporation were obtained not because of danger of insolvency, but more or less, to meet the urgent demand for funds by policyholders. Rather than sacrifice good securities at the unprecedented low quotations, the companies became indebted to accommodate their policyholders. This was done only in a comparatively small percentage of cases, considering the large number of companies in the field.

More highlights on the present depression and the important part which the life insurance companies of this country played, are found in comparing the loan total with the assets of the companies and the total life insurance in force in other countries.

Aggregate loans outstanding at the close of 1931, of 52 legal reserve companies exceeded their investments in farm mortgages by more than 6 per cent; were eight times larger than their investments in United States government securities, and were double their holdings in all types and classes of government obligations.

When compared with life insurance in force in other countries, the debt of policyholders looms more importantly. The U. S. loan total is more than double that of all life insurance in force in Sweden, France, the Netherlands and Italy, and is more than 26 per cent of the insurance in force in the United Kingdom, and more than 75 per cent of the total in force in Germany.

●

An interesting sidelight of the depression is the fact that loans on policies were not confined to any class. Some of the wealthiest men in this country have, under stress of the depression, resorted to loans on their policies. It is related that a prominent figure in the automobile industry, reputedly wealthy, being short of immediate funds, obtained one of the largest loans on record from his life insurance company.

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THERE never was a time when careful discrimination in reading was so necessary.

Thoughtful men and women realize this and consider JOHN MARTIN'S BOOK a necessity for their children.

A mother writes—*"Carol has been a John-Martiner for eight years. She loves the magazine, and I consider it the finest published. Everything in it stresses high ideals and appreciation of the best things in life, and yet it is so thoroughly interesting to children."*

John-Martiners enjoy serials, short stories, handicraft, history, nature, songs, games, plays, verse, humor, puzzles. Special pages feature beautiful photographs.

Subscription price, $5.00 a year; a Get-Acquainted subscription—

4 *months for only* **$1.00**

Four of the biggest issues of the year: November (Thanksgiving), December (Christmas), January (New Year) and February (Valentine).

The ideal gift for boys and girls 4 *to* 13 *—birthdays, Christmas and all other happy occasions.*

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As to

★

Swapping in Midstream—

SINCE Republican leadership has wavered and collapsed in the middle of the worst depression in this country's history, isn't it time to swap Parties when one Party fails you?

[*Claude Bowers wrote in the N. Y. Journal:*]

. . . If Mr. Hoover has lost the confidence of the people; if there is more resentment of him than of any other President in history, it is because the people have concluded—on the record—that he has not played fair with them.

They have not forgotten the unprecedentedly reckless and grotesque promises and statements with which he won their support in 1928. Business had been put upon the basis of "permanent prosperity" by the Mellon regime; and Mr. Hoover was going to "eliminate poverty." And poverty that threatened starvation came to millions immediately in the wake of his induction into office.

Even then they were not ready to conclude that they had voted for a mythical man who did not exist.

IT HAS REQUIRED THREE YEARS OF UNFAIR DEALING WITH THE PUBLIC, OF MISREPRESENTATION OF CONDITIONS BY MR. HOOVER UTTERLY TO DEPRIVE HIM OF THE CONFIDENCE OF THE PEOPLE.

He misrepresented business conditions instead of warning the public until the moment of the crash; THEY RESENT IT.

He misrepresented and sought to conceal the state of unemployment for two years; THEY RESENT IT.

He bitterly fought the Wagner measures for the relief of the jobless; THEY RESENT IT.

He yielded to Joe Grundy, the notorious lobbyist, who had "raised a million dollars" for his election, over the protest of economists and business men on the prohibitive tariff act which has driven away the best customers we ever had; THEY RESENT IT.

This resentment of Mr. Hoover is not made by party tactics; the Democrats control too few of the agencies of publicity for that; they have too little money to spend on that; and this resentment comes from the grass roots.

It's Time for a New Deal

Vote for

ROOSEVELT and GARNER

★

This advertisement paid for by the National Democratic Committee, Hotel Biltmore, New York City

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During the period of hoarding, which began with the large withdrawals of gold from this country, some large policyholders, having fears concerning the stability of the dollar, borrowed on their life insurance and converted their loans into gold. This class of debtor in question was not only paying 6 per cent for the loan on his policy to his company, but was making an additional expenditure for the safekeeping of the metal.

Of course these are remote cases of the relation of the policyholder as a debtor and the insurance company as creditor, and are by-products of the chaotic conditions which prevailed during the period of financial and monetary uncertainty. On the whole, borrowing by the wage earner has been more extensive than at any time in the history of insurance in this country. Particular stress must be laid on this stabilizing factor of insurance if any appraisal of this institution is to be made.

●

The question arises as to how the life insurance companies have met these extraordinary demands of their insureds and how has it affected the financial operations of the companies.

This large demand for loans has affected the operations of the life insurance companies widely. It is not generally known that because of their policyholders' needs less of the funds of these companies went into the investment market in the past two years. The increase in loans alone between December 31, 1931, and January 31, 1932, was $61,000,000, indicating the extent of the deployment of funds which are ordinarily absorbed by the investment markets. It is needless to point out that this unprecedented diversion of funds had a decided effect on the bond market.

The insurance companies are traditional investors in bonds. Annually they purchase large amounts of fixed income securities, indirectly facilitating expansion and improvements in industry. The railroad and utility industries have been particularly favored as a group. Our municipal, city and state government have been financed to a large extent by life companies as has agriculture.

The life insurance companies of this country added $1,354,263,370 to their assets in 1931, bringing the total to $21,370,800,887 for all companies.

There are enough men wearing Paris Garters to elect the next President~ easily!

PARIS GARTERS

NO METAL CAN TOUCH YOU

Outstanding Values at 25¢ 35¢ 50¢ 75¢ $1

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Every home buys. No competition. Saves its cost on first month's gas bill. Agents needed at once. Exclusive territory. **Earn up to $20 a day** showing people how to save money by cutting their gas bills up to 50%. Write at once for complete details, exclusive territory proposition and **free demonstrator offer.**

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Old Money and stamps WANTED

POST YOURSELF! It pays! I paid J. D. Martin, Virginia, $200 for a single copper cent. Mr. Manning, New York, $2,500 for one silver dollar. Mrs. G. F. Adams $740 for a few old coins. I want all kinds of old coins, medals, bills and stamps. I pay big cash premiums.

WILL PAY $100 FOR DIME

1894 S. Mint; $50 for 1913 Liberty Head Nickel (not buffalo) and hundreds of other amazing prices for coins. Get in touch with me. Send 4c for Large Illustrated Coin Folder and further particulars. It may mean much profit to you. Write today to

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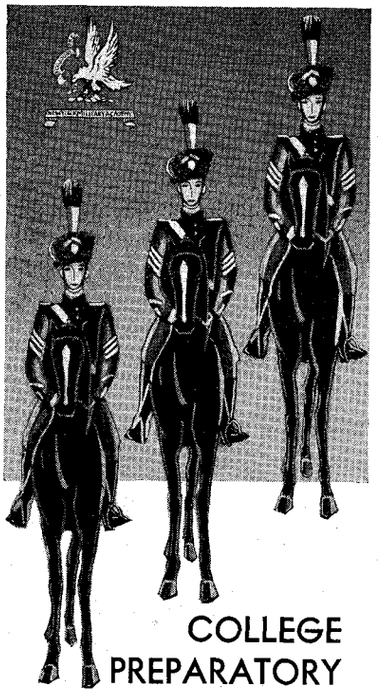

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in traditional military manner; plus fencing, boxing, swimming, riding, shooting, dancing, etc. Fine cultural background.

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The Only COUGH DROPS *with this*

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For quick cough relief—a ready prescription of standard medicated ingredients, recognized and listed by the United States Pharmacopoeia.

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GET THAT JOB!

By Robert T. Gebler

STATEMENT OF OWNERSHIP, MANAGEMENT, CIRCULATION, ETC., REQUIRED BY THE ACT OF CONGRESS, AUGUST 24, 1912,

of NEW OUTLOOK, published monthly at New York, N. Y., for October 1, 1932.

State of New York, } ss.:
County of New York, }

Before me, a Notary Public in and for the State and county aforesaid, personally appeared Frank A. Tichenor, who, having been duly sworn according to law, deposes and says that he is the Business Manager of NEW OUTLOOK, and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management, etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, embodied in section 411, Postal Laws and Regulations, to wit:

1. That the names and addresses of the publisher, editor, managing editor, and business managers are: Publisher, Outlook Publishing Company, Inc., 515 Madison Avenue, New York, N. Y.; Editor, Alfred E. Smith, 515 Madison Avenue, New York, N. Y.; Managing Editor, Francis Walton, 515 Madison Avenue, New York, N. Y.; Business Manager, Frank A. Tichenor, 515 Madison Avenue, New York, N. Y.

2. That the owners are: Outlook Publishing Company, Inc., 515 Madison Avenue, New York, N. Y.; Frank A. Tichenor, 515 Madison Avenue, New York, N. Y.

3. That the known bondholders, mortgagees, and other security holders owning or holding 1 per cent or more of total amount of bonds, mortgages or other securities are: None.

4. That the two paragraphs next above, giving the names of the owners, stockholders, and security holders, if any, contain not only the list of stockholders and security holders as they appear upon the books of the company but also, in cases where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting, is given; also that the said two paragraphs contain statements embracing affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner; and this affiant has no reason to believe that any other person, association, or corporation has any interest direct or indirect in the said stock, bonds, or other securities than as so stated by him.

(Signed) FRANK A. TICHENOR.

Sworn to and subscribed before me this 28th day of September, 1932.

(Signed) Anna Higgins,

Notary Public, New York County Clerk's No. 538.

(My Commission expires March 30, 1934.)

This increase, although below that of 1930, gives an indication of the importance of their operations in the investment markets. Although the increase in assets last year declined from 1930, it exceeded the average annual increase for the period 1923-30, inclusive.

That the legal reserve companies have a strong financial background is shown by their $20,159,939,830 in admitted assets at the close of the preceding year. Unassigned surplus funds totaled $718,183,377 at the end of last year and the contingency surplus was $473,116,350. Of the total insurance in force $85,866,804,000 is ordinary; $10,567,761,340 is group insurance and $18,162,181,579 is industrial insurance. Policy loans are obtainable on ordinary insurance only.

The phenomenal stability of life insurance companies as institutions and their policies as investments has been convincingly illustrated during the business convulsion of the past two years. When at least one-half of all estates in America have shrunk to levels below 50 per cent of their original value, the strength of the life insurance contract becomes conspicuous.

●

Every form of investment was dragged down with the collapse of the inflated price structure of the "new era." Some securities that were gilt-edge shrank to unprecedented low levels, greatly reducing their collateral value. Estates which had liquidating values in the millions precipitated beneficiaries into comparative poverty.

During this period of uncertainty, life insurance has illustrated that it represents perhaps the soundest method of conserving wealth both for rich and poor. By its cardinal principle of operation—diversification in investment and risk—it has smoothed the peaks and valleys of our economic life.

●

Aside from its stability its conservation and periodic distribution of funds is a contribution to the distribution of wealth. In considering the distribution of wealth to their policyholders, the disbursements of the companies incident to operation must also be included. The disbursements during the present policy year will be $2,600,000,000. This sum exceeds all past records and is an increase of

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FOR PRESIDENT *Grover Cleveland* FOR PRESIDENT *James G. Blaine*

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FOR FOOD VALUE and MONEY VALUE this ALL MEAT product is an aid to the household budget and gives a delightful variety to the menu.

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The Best Little Pigs go to Jones

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COME...to the warm sunny winter of your dreams

BALMY sunshine from morn 'til night—clear blue skies—rose gardens in full bloom—out-of-doors living all the day—this is "winter" in Tucson.

Costs are always moderate here. Yet accommodations are of the best. And there's practically no end of things to do... golf... tennis... hunting.. riding... motoring... with Indian villages and Old Mexico itself nearby.

Send coupon or wire for booklet and information as to hotel reservations; air, rail and road data, etc Winter rates and stopovers now available on both Rock Island and Sou. Pac Lines.

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Please send me the free "Sunshine Booklet"

Name_____

Address_____

$353,000,000 over the previous year's payments and more than $638,000,000 above the 1929 figures.

Signs that the insurance companies are successfully combating the depression are found in the production figures in the last two years. Although insurance underwriting declined in 1931, from the peak figures of 1928, the new insurance has exceeded that of the depression years, 1920-21 and is well above the peak levels of insurance in force. In the depression year, 1931, the companies added more than $1,000,000,000 of new insurance in force. Equally impressive is the increase in disbursements made by the companies. The social value of this large outlay can be gauged by comparing the expenditures for relief measuring during the depression. It is estimated that in excess of $200,000,000 will be spent by the states in combating financial distress during the coming winter.

●

The disbursements by insurance companies both in the form of policy loans and normal payments will exceed this total by more than twenty times. Of course a great part of the unemployed population in this country will not benefit from this large distribution, but the money will eventually find its way into general circulation.

Payments in 1931 by insurance companies to living policyholders in the form of matured endowments, annuities, dividends and in benefits to those who have become disabled represents a sum of $800,000,000, while the value of surrendered policies is estimated at $850,000,000. Undoubtedly disbursements by insurance companies during the present policy year, will be equally large.

The reported abatement in loan demands, writes the end of another chapter in the history of life insurance companies and illustrates the soundness of those institutions as reservoirs of the nation's savings. There are 68,000,000 policyholders in the United States or more than 50 per cent of our population. Their number stands as a tribute to one of our strong fortifications against adversity.

It is also proof that since the storm of the Hughes investigation the insurance companies have kept their house in order, providing a real place of shelter and refuge in time of economic storms.

This is real money

"Today I received a check for $20.00 for a story. Another I sold for $34.00. Not bad for a beginner, is it? The other day I counted up just how much I have won on advertisement contests. It amounted to $1,620.00."

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How do you KNOW *you can't WRITE?*

Have you ever tried?

Have you ever attempted even the least bit of training, under competent guidance?

Or have you been sitting back, as it is so easy to do, waiting for the day to come some time when you will awaken, all of a sudden, to the discovery, "I *am* a writer"?

In the latter course is the one of your choosing, you probably *never will write.* Lawyers must be law clerks. Doctors must be internes. Engineers must be draftsmen. We all know that, in our times, the egg does come before the chicken.

It is seldom that anyone becomes a writer until he (or she) has been writing for some time. That is why so many authors and writers spring up out of the newspaper business. The day-to-day necessity of writing—of gathering material about which to write—develops their talent, their insight, their background and their confidence as nothing else could.

That is why the Newspaper Institute of America bases its writing instruction on Journalism—continuous writing—the training that has produced so many successful authors.

Learn to write by writing

Newspaper Institute training is based on the New York Copy-Desk Method. It starts and keeps you writing in your own home, on your own time. Week by week you receive actual assignments, just as if you were right at work on a great metropolitan daily. Your writing is *individually* corrected and constructively criticized. A group of men with 182 years of newspaper experience behind them are responsible for this instruction. Under such sympathetic guidance, you will find that (instead of vainly trying to copy someone else's writing tricks) you are rapidly developing your own distinctive, self-flavored style—undergoing an experience that has a thrill to it and which at the same time develops in you the power to make your feelings articulate.

Many people who *should* be writing become awestruck by fabulous stories about millionaire authors and therefore give little thought to the $25, $50 and $100 or more that can often be earned for material that takes little time to write—stories, articles on business, fads, travels, sports, recipes, etc.—things that can easily be turned out in leisure hours, and often on the impulse of the moment.

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We have prepared a unique Writing Aptitude Test. This tells you whether you possess the fundamental qualities necessary to successful writing—acute observation, dramatic instinct, creative imagination, etc. You'll enjoy taking this test. The coupon will bring it without obligation. Newspaper Institute of America, 1776 Broadway, New York.

Newspaper Institute of America
1776 Broadway, New York

Send me, without cost or obligation, your *Writing Aptitude Test* and further information about writing for profit as promised in the New Outlook—November.

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Checklist of New Ideas

ON THE PROGRESS OF DISARMAMENT

If the other powers refuse Germany the military independence to which she is entitled, I see no way out other than that Germany expand her armed forces.—*General Hans von Seeckt, father of Post-war German Army.*

ON HYPHENATED AMERICANS

You ask the average person in America what he is and he'll say he's Irish, Scotch, Italian—whatever stock he happens to come from. But if you ask a person of German stock he says he's a German-American. The Germans who settled here are the only ones who always prefix their Amerian association with the country of their racial origin. But still, there are people who talk about hyphenated Americans!—*Henry Tiedemann, former Conductor, N. Y. Philharmonic.*

ON FALL MILLINERY

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ON A SPOILED GENERATION

The very rapid increase in the standard of living which was realized throughout the world in the period of 1921-1930 has spoiled the contemporary generation.—*Benito Mussolini.*

ON BULLFIGHTS

When the English kill they kill for sport and the French kill for the pot. It is a fine pot, too, the loveliest in the world and well worth killing for. The people of Castile, however, think a great deal about death and when they have a religion they have one which believes that life is much shorter than death. Having this feeling, they take an intelligent interest in death and when they can see it being given, avoided, refused and accepted in the afternoon for the nominal price of admission they pay their money and go to the bull ring.—*Ernest Hemingway in "Death in the Afternoon."*

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Checklist of New Ideas

ON HUMAN EVOLUTION

We in America are now carrying on the greatest biological experiment in human history. Whether we like it or not, it is going on. We have now put a stop to emigration, but never before in the history of civilization has there been a human melting pot on such a large scale. The stop in the indiscriminate flow of immigrants caused the economist to feel relieved because it put a stop to the influx of cheap labor, but the biologist feels relieved because it makes it possible for us to regulate the mixture in the melting pot. Whatever combination of future Americans results from this, we must do everything within our power to eliminate all elements that we definitely know today will cause harm to the ultimate product."—*Dr. Clarence C. Little, Former President of the University of Michigan.*

ON THE SUPER-MAN

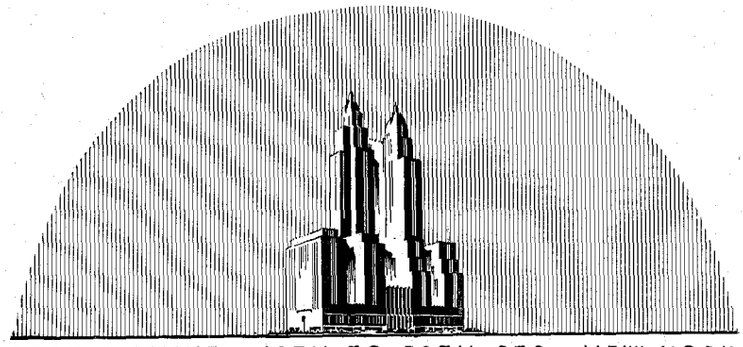
There is at least a hope that in the next few thousand years the speed of evolution must be vastly increased and its method made less brutal. If human evolution continued in the same direction as in the immediate past, the superman of the future would develop more slowly than we and be teachable for longer. He would retain in maturity some characteristics which most of us lose in childhood. Certain shades of the prison house would never close about him. He probably would be more intelligent than we but distinctly less staid and solemn.—*J. B. S. Haldane.*

ON PROGRESS IN SOUTHERN CALIFORNIA

Ten years ago this was a wonderful valley with one million acres of fruit and alfalfa. But Los Angeles had to have more water for the Chamber of Commerce to drink more toasts to its growth, more water to dilute its orange juice and more water for its geraniums to delight the tourists while the giant cotton woods here died so now this is a valley of desolation.—*Will Rogers.*

ON GOVERNMENT

Government is not a pedagogue nor a parson, nor a pied piper; it is merely a convenience of civilization by which a set of rules is enforced on a community in the interest of order and Justice.—*John Nance Garner.*



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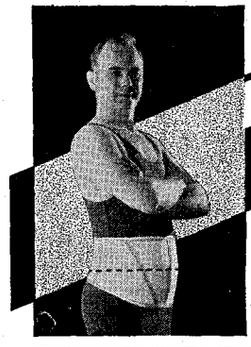

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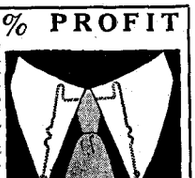

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Checklist of New Ideas

ON HAPPINESS

The chief aim of life is to achieve happiness, but what is happiness? There was a certain Oriental king who was very unhappy and called one of his philosophers to him for advice. The philosopher told him to find the most contented man in the realm and to wear this man's shirt. After many years of searching the servants of the king found this man, but he had no shirt.—*Dr. Thomas Darlington.*

ON INFANT EDUCATION

One of the reasons the children of today so often lack enthusiasm is due to the constant drizzling upon them of the ice water of the criticisms of fathers and mothers and elder brothers and sisters.—*The Very Rev. Dr. Milo Gates, Dean of the Cathedral of Saint John the Divine.*

ON PYRAMIDED LEADERSHIP

We have not only "pyramided" our financial structure, we have also "pyramided" our leadership and, in my opinion, "pyramided" leadership is the more serious danger. But even this is not all. By pyramiding its leadership America does more than fail to obtain the best available talent for each job that needs to be done. It continues to expect miracles from men who have already made a proved mess of things. Perhaps the historian of the future will decide from his long view upon the whole of society that no particular group of men can be held responsible for the collapse which we will call the present depression.—*Louis E. Kirstein, Boston merchant.*

ON WHY RUSSIANS ARE THAT WAY

Real socialism is only conceivable in a community developed along the lines and stamped with the characteristics of an army. It is not by chance that Bolshevik phraseology bristles with military terms, such as "commanding points," "recruiting," "mobilization," "vanguard," "outposts," "front," "light calvary" (the Young Communists), "shock troops," etc. I feel assured that the conscripting of the Russian workers will not be the last word in the militarization of the populace of the Soviet Union. —*Theodore Seifert in "Red Russia."*

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